CENTRAL STATISTICAL OFFICE

CSO Economic Trends

ARTICLES

Hidden economy

Local authority expenditure

Distribution of income, 1977/78

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Release dates of economic statistics to be published in March 1980

This is issued by the Central Statistical Office on behalf of the Government Statistical Service and other organisations as a guide to the publication dates of major economic series in March 1980. The dates are targets which are normally expected to be met. Exceptionally, there may be delays due to unavoidable statistical problems. Enquiries about individual series should be made to the source named.

Publication date	Series	Method of release	Source
March 1980			
Mon 3	CBI monthly trends inquiry (February)	PN	CBI
	National Food Survey report on consumption (3rd quarter)	PN	MAFF
Tues 4	UK official reserves (February)	PN	HM Treasury
	Capital issues and redemptions (during the month of February)	PN	Bank of England
Thurs 6	UK balance of payments (4th quarter)	PN	CSO
	Provisional figures of vehicle production (February)	PN	D of Industry
	Housing starts and completions (January)	PN	D of the Environment
Fri 7	Company liquidity survey (4th quarter)	British Business	D of Industry
Mon 10	Wholesale price index numbers (February – provisional)	PN	D of Industry
	Retail sales (January – final)	PN	D of Trade
	Construction output (4th quarter)	PN	D of the Environment
	Hire purchase and other instalment credit business (January)	PN	D of Trade
Tues 11	Central government transactions (including borrowing requirement) (February)	PN	HM Treasury
	London clearing banks' monthly statement (mid-February)	PN	CLCB
	UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-February)	PN	Bank of England
Fri 14	Index of industrial production (January – provisional)	PN	CSO
	Retail prices index (February)	PN	D of Employment
	Tax and price index (February)	PN	CSO
	Building societies' monthly figures (February)	PN	BSA
	Usable steel production (February)	PN	BSC/BISPA
Mon 17	Balance of payments current account and overseas trade figures (February)	PN	D of Trade/CSO
Tues 18	Cyclical indicators for the UK economy (February)	PN	CSO
Wed 19	Indices of average earnings (January)	PN	D of Employment
	Indices of basic rates of wages (February)	PN	D of Employment
Thurs 20	Construction – new orders (January)	PN	D of the Environment
	Capital expenditure by the manufacturing, distributive and service industries (4th quarter – revised)	PN	D of Industry
	Manufacturers' and distributors' stocks (4th quarter – revised)	PN	D of Industry
	UK banks' assets and liabilities and the money stock (mid-February)	PN	Bank of England
	London dollar and sterling certificates of deposit (mid-February)	PN	Bank of England
	UK banking sector statistics (4th quarter)	Bulletin	Bank of England
	Financing of the central government borrowing requirement (4th quarter)	Bulletin	Bank of England
	Money stock (4th quarter)	Bulletin	Bank of England
Fri 21	New vehicle registrations (February)	PN	D of Transport
	Sales and orders in the engineering industries (December)	British Business	D of Industry
Sun 23	Department for National Savings' monthly progress report (February)	PN	D for National Savings
Mon 24	National income and expenditure in the fourth quarter and year 1979	PN	CSO
	Retail sales (February – provisional)	PN	D of Trade
Tues 25	Unemployment (March – provisional)	PN	D of Employment
	Unfilled vacancies (March – provisional)	PN	D of Employment
	Bricks and cement production (February)	PN	D of the Environment
Wed 26	CBI Monthly trends inquiry (March)	PN	CBI
Thurs 27	Unemployment and unfilled vacancies (February – final)	Gazette	D of Employment
	Overtime and short-time working in manufacturing industries (January)	Gazette	D of Employment
	Stoppages of work due to industrial disputes (February)	Gazette	D of Employment
	Energy Trends	PN	D of Energy
Fri 28	Car and commercial vehicle production (February – final)	British Business	D of Industry
Mon 31	Quarterly analysis of bank advances (mid-February)	PN	Bank of England

PN—*Press Notice*

ECONOMIC TRENDS

No. 316 February 1980

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CORRECTION

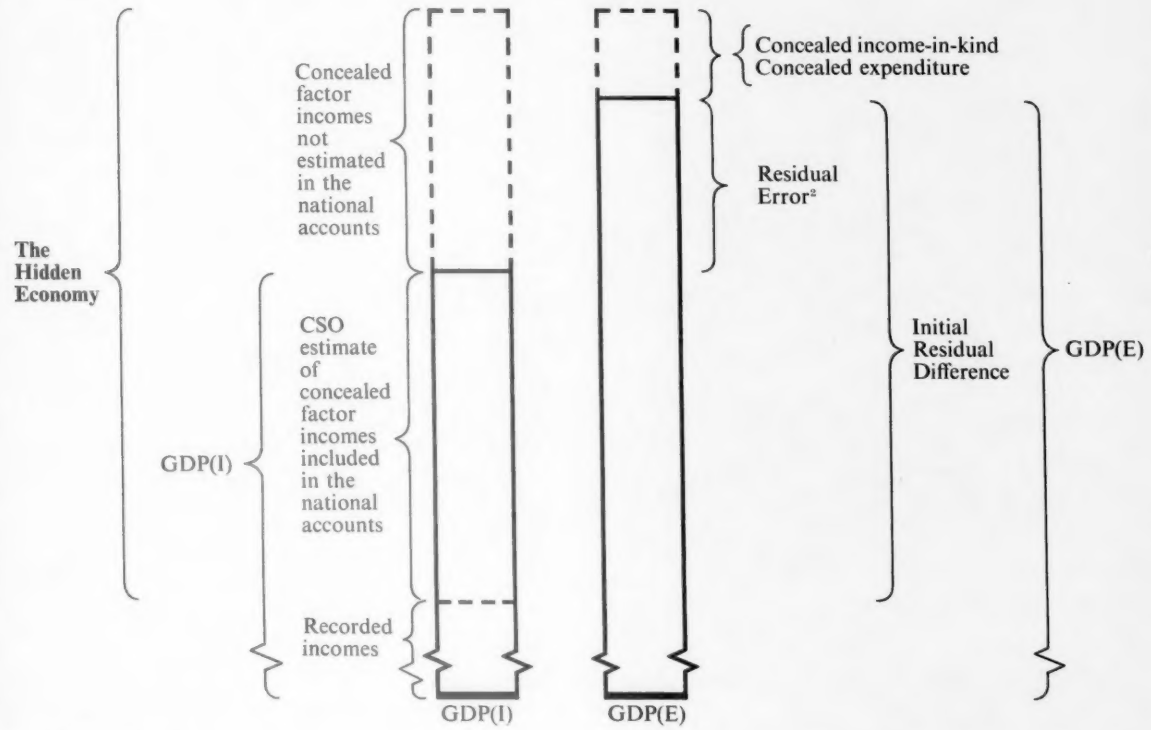
Article: 'A glimpse of the hidden economy in the national accounts'.

Page 82, Diagram A

Please **substitute** the diagram below

The hidden economy and the national accounts[1]

DIAGRAM A



[1] Diagram not drawn to scale.
[2] The residual error can be negative or positive. Here it is shown as positive.

Central Statistical Office

February 1980

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CENTRAL STATISTICAL OFFICE

Economic Trends

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Government Statistical Service

A service of statistical information and advice is provided to Government by specialist staffs employed in the statistics divisions of individual Departments. Statistics are made generally available through their publications and further information and advice on them can be obtained from the Department concerned.

The sources of the series published in this volume and further information about them are shown in the index. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the Central Statistical Office, Great George Street, London SW1P 3AQ. Telephone 01-233 6135/6193.

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Introduction

Economic Trends brings together all the main economic indicators.

It contains three regular sections of tables and charts illustrating trends in the UK economy:

- 'Latest developments' presents the most up-to-date statistical information available during the month, together with a calendar of recent economic events. It is important to note that data included in this section may not be wholly consistent with other sections which have gone to press earlier.

- The main section shows the movements of the key economic indicators over the last five years or so. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

- A further chart shows the movements of four composite indices over 20 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle, and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately the movements in all of the 18 indicators which make up the composite indices.

In addition, quarterly articles on the national accounts appear in the January, April, July and October issues, and on the balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments and the Bank of England.

Notes on the tables

1. The main tables and charts in this issue contain information available to the CSO on 20 February. The 'Latest developments' section may contain later information.

2. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.

3. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.

4. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.

Symbols used:

..	not available or not meaningful
–	nil or less than half the final digit shown
§	series for which measures of variability are given on page 78
†	indicates that the data have been revised since last issue; the period marked is the earliest in the table to have been revised

The Editor would welcome readers' suggestions for improvements to *Economic Trends*

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Latest developments in the economy[1]

Data available at 20 February 1980

Output

The preliminary output-based estimate of gross domestic product for the fourth quarter showed little change from the third quarter. Industrial production was a little lower in the fourth quarter than in the third, but both quarters were affected by the engineering strike. Apart from some growth in the energy sector the underlying level of industrial production has probably changed little since 1978.

The CBI's Industrial Trends Survey taken in January points to a further small decline in general business confidence in manufacturing industry since October. The survey was taken, however, after the steel strike had started. Most of the other indicators in the survey are consistent with some decline in activity, in that the volume of new orders, capacity working and employment are falling. Companies expect further reductions in the level of output and employment during the next few months. Although the lack of price competitiveness continues to be cited as the main factor limiting new export orders, there is some evidence of a temporary easing of pressures on cost and price inflation.

Consumers' expenditure

Firmer estimates confirm that the volume of consumers' expenditure in the fourth quarter of 1979 was about 1¾ per cent higher than in the third quarter. There was some recovery in spending on goods whose sales had been depressed in the third quarter by the effects of indirect tax increases in the Budget. Spending on food and on fuel and light fell back.

Trade and the balance of payments

Exports of goods in the three months ended January were 8 per cent higher in terms of value than in the preceding three months, in part attributable to the recovery from the effects of the engineering dispute. There was an increase in volume of 3 per cent, but outside the energy sector there is little, if any, underlying growth. The value of imports rose by 6 per cent with higher arrivals of oil, silver bullion and finished manufactures being significant. There was little change in volume. Between the two periods, the trade balance worsened from a deficit of £673 million to one of £855 million. The terms of trade fell by 3 per cent, largely because of increased prices of oil and silver.

There was a current account deficit of £296 million in January with a deficit of £346 million on trade in goods and a small surplus on invisibles projected at £50 million, with the surplus of the private sector and public corporations almost offset by the deficit on government transactions.

Official reserves and the exchange rate

UK official reserves rose by $987 million during January to $23,706 million. Of this increase, $421 million represented valuation increases largely associated with the ECU swap arrangement. A further $392 million came from the annual distribution of SDRs by the IMF. Net repayments of official debt totalled $335 million.

The sterling effective exchange rate index (1971=100) rose from 71·8 at the end of January to 73·3 on 14 February but fell back slightly to 72·9 by 18 February.

Investment intentions

The latest CBI survey suggests that the volume of investment by manufacturing industry in 1980 could fall by about 5 per cent compared with 1979, though the increasing use of leasing capital equipment means that the effective fall will probably be less.

Earnings and wage rates

Average earnings of all employees in Great Britain rose by 19·6 per cent between December 1978 and December 1979. This estimate is based on the whole economy monthly index which is not seasonally adjusted. The seasonally adjusted older series index covering the production industries and some services rose by 2·0 per cent between November and December.

The index of basic weekly wage rates (not seasonally adjusted) rose during January and, at the end of that month, was 15·0 per cent higher than a year earlier.

Prices (not seasonally adjusted)

The price index for materials and fuel purchased by manufacturing industry rose by 3¼ per cent between December and January. This index increased by 27¼ per cent between January 1979 and January 1980. Two-thirds of the increase over twelve months was caused by crude oil prices.

Wholesale prices of home sales of manufactured products rose by 2½ per cent between December and January. The increase over twelve months was 17½ per cent in January.

The index of retail prices in January was 245·3 (January 1974=100). The increases were 2·5 per cent on December and 18·4 per cent on January 1979.

The tax and price index for January was 123·2 (January 1978=100), a rise of 16·1 per cent on January 1980.

Money stock

Sterling M_3 rose by 1·1 per cent during banking January (5 weeks ended 16 January). The increase since mid-June was at an annual rate of about 12¼ per cent. M_1 was unchanged for the second month running.

The public sector as a whole had a strongly contractionary influence on domestic credit expansion. Sales of central government debt to the non-bank private sector were exceptionally large at £1,620 million, but the central government borrowing requirement was only £150 million. Borrowing by the rest of the public sector added a further £500 million. The main expansionary component was in new bank lending in sterling to the private sector at £1,300 million. Domestic credit expanded by £520 million.

[1] All data are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

Economic events

January

16 The Secretary of State for Energy announced medium-term financial targets for the gas and electricity supply industries, involving a phased move towards economic price levels.
A report on 'quangos' (quasi-autonomous non-government organisations) by Sir Leo Pliatzky was published (Cmnd 7797). A reduction of 3,700 in the number of public appointments should be made, and 30 executive, 211 advisory, and 5 judicial bodies should be wound up.

22 Budget Day 1980 is to be on Wednesday 26 March.

23 Two new gilt-edged stocks – 13½ per cent Exchequer 1983 and 12½ per cent Treasury 2003–2005 – were issued; the latter was exhausted the following day.

24 The Local Government Planning and Land (No. 2) Bill was introduced in the House of Commons. This bill would remove certain controls exercised by central government over local authorities, reorganise local authority financial arrangements, and repeal the Community Land Act.

February

1 The Bank of England postponed for two months the recall of £500 million of the £1 billion released to the banks in mid-January to ease the tight liquidity situation in the money markets.

13 The Bank of England announced that it was making available to the clearing banks temporary facilities for the sale and repurchase of gilt-edged stocks to relieve the excessive pressures which had arisen in the money markets.

The old sixpence (2½p) is to be demonetised on 30 June 1980. After that date the coin will not be legal tender in the United Kingdom.

Selected monthly indicators[1]

		Seasonally adjusted				Unadjusted					Seasonally adjusted	
		1971 =100	1975 =100	Thousands		Jan. 1976 =100	1975 =100	Jan. 1974 =100	Jan. 1978 =100	Dec. 1971 =100	£ million	
		Volume of retail sales (GB)[2, 3] §	Index of industrial production[4] §	Unemployment[5, 10] §	Vacancies[6, 8] §	Average earnings (whole economy: GB)	Wholesale prices of materials and fuel[7]	Retail price index (all items)	Tax and price index[9]	Sterling effective exchange rate	Balance of payments: Current balance	Money stock sterling M3
1978	A	106·9	111·1	1,403·0	199·8	127·2	145·1	194·6	98·4	61·8	+221	46,310
	M	108·2	110·1	1,384·8	205·6	129·4	146·8	195·7	99·0	61·5	− 29	46,840
	J	108·6	111·1	1,378·1	213·4	133·1	147·0	197·2	100·0	61·3	+ 27	47,210
	J	111·0	111·5	1,370·2	211·1	133·6	145·8	198·1	100·5	62·1	+ 54	47,880
	A	111·7	111·7	1,373·4	211·8	131·7	144·2	199·4	101·3	62·4	+201	47,670
	S	109·6	111·0	1,360·2	222·8	134·2	144·8	200·2	101·8	62·7	− 14	48,140
	O	110·2	109·4	1,349·9	231·8	135·2	145·7	201·1	102·4	62·5	+211	48,490
	N	110·5	110·1	1,331·7	234·9	136·1	147·3	202·5	103·2	62·5	+ 80	48,800
	D	113·8	111·8	1,319·6	235·9	138·0	148·3	204·2	104·3	63·2	+255	49,520
1979	J	109·4†	103·9†	1,342·1	235·7	135·7	151·8†	207·2	106·1	63·5	− 56	50,570
	F	110·3	112·0	1,366·5	228·9	141·1	153·3	208·9	107·2	63·7	−661	51,080
	M	110·6	113·3	1,361·5	233·1	143·7	155·2	210·6	108·2	65·0	−521	50,640
	A	115·2	113·8	1,327·4	245·3	144·3	160·6	214·2	110·5	66·9	−128	51,360
	M	113·4	114·9	1,306·4	257·3	146·9	162·8	215·9	111·6	66·9	−252	52,090
	J	120·2	117·2	1,278·7	262·4	150·9	166·6	219·6	113·8	68·3	−195	52,690
	J	108·6	116·4	1,278·7	253·0	155·6	168·1	229·1	113·8	71·9	+ 35	53,110
	A	111·4	112·0	1,264·7	245·6	153·3	169·1	230·9	114·9	71·4	−132	53,670†
	S	109·8	111·3	1,263·9	243·1	153·6	172·5	233·2	116·2	69·8	−123	53,990
	O	111·3	112·2	1,282·0	237·4	158·1	178·1	235·6	117·6	68·4	−368	55,020
	N	113·6	114·0	1,282·1	234·3	162·1†	186·0†	237·7	118·8	68·4	+ 5	55,380
	D	112·4	111·9	1,294·5	219·8	165·0[11]	187·4[11]	239·4	119·8	69·7	− 22	55,630
1980	J			1,338·6	206·6		193·3[11]	245·3	123·2	71·4		55,210
	F											
	M											
		Percentage change, latest three months on previous three months										
1979	A	+ 0·4†	+ 4·1†	+ 1·6	+ 0·1	+ 4·7	+ 4·9	+ 3·2	..	+ 3·4	..	+ 2·8
	M	+ 1·3	+ 4·4	− 0·8	+ 5·0	+ 4·9	+ 5·6	+ 3·3	..	+ 4·4	..	+ 1·9
	J	+ 5·9	+ 5·1	− 3·9	+ 9·6	+ 5·1	+ 6·5	+ 3·7	..	+ 5·2	..	+ 2·5
	J	+ 2·3	+ 2·8	− 4·7	+ 9·2	+ 5·7	+ 6·1	+ 4·9	..	+ 5·9	..	+ 3·1
	A	+ 0·9	+ 1·1	− 4·3	+ 3·4	+ 5·7	+ 5·3	+ 6·0	..	+ 6·4	..	+ 3·5†
	S	− 5·7	− 1·8	− 2·7	− 3·0	+ 4·6	+ 4·0	+ 6·7	..	+ 5·4	..	+ 3·0
	O	− 3·2	− 3·7	− 1·4	− 6·0	+ 2·6	+ 4·5	+ 5·3	..	+ 1·2	..	+ 3·0
	N	− 2·2	− 2·3	+ 0·2	− 6·1	+ 3·0†	+ 6·5	+ 4·0	..	− 2·4	..	+ 3·1
	D	+ 2·3	− 0·5	+ 1·3	− 6·8	+ 4·9[11]	+ 8·2†	+ 2·8	..	− 3·1	..	+ 3·3
1980	J			+ 2·7	− 9·0		+ 9·0	+ 3·3	..		..	+ 2·8
	F								..		..	
	M								..		..	
		Percentage change, latest three months on corresponding period of previous year										
1979	A	+ 4·7	+ 4·3†	− 4·1	+22·5	+14·5	+10·1	+ 9·8	+ 8·4	+ 1·9	..	+11·5
	M	+ 5·1	+ 4·3	− 4·9	+23·1	+14·0	+10·3	+10·1	+10·5	+ 5·7	..	+11·0
	J	+ 8·1	+ 4·1	− 6·1	+23·6	+13·4	+11·6	+10·6	+12·9	+ 9·5	..	+11·2
	J	+ 4·9	+ 4·7	− 6·5	+22·6	+14·5	+13·2	+12·4	+13·3	+12·0	..	+11·2
	A	+ 3·3	+ 3·4	− 7·3	+19·6	+15·4	+15·3	+14·3	+13·5	+13·9	..	+11·7
	S	− 0·7	+ 1·6	− 7·2	+14·9	+15·8	+17·2	+16·0	+13·6	+13·8	..	+11·9†
	O	+ 0·4	+ 1·0	− 6·7	+ 9·0	+15·9	+19·6	+16·5	+14·1	+11·7	..	+12·7
	N	+ 1·2	+ 2·1	− 5·3	+ 3·7	+16·8†	+22·6	+17·0	+14·7	+10·1	..	+13·0
	D	+ 0·6	+ 2·1	− 3·6	− 1·6	+18·6[11]	+25·0	+17·3	+14·9	+ 9·7	..	+13·1
1980	J			− 2·0	− 6·5		+26·7	+17·7	+15·4	+10·7	..	+12·3
	F										..	
	M										..	

[1] Data given may not be wholly consistent with that shown elsewhere in the publication.
[2] This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
[3] Monthly figures of retail sales are based on four-week periods, except for the months of March, June, September and December which are five-week periods. Because of timing differences, January 1975 is exceptionally a five-week period. Further details are given on page 716 of *Trade and Industry* 14 March 1975.
[4] All industries covered.
[5] Unemployed excluding school-leavers.
[6] Vacancies notified to employment offices.
[7] Purchased by manufacturing industry.
[8] The seasonally adjusted series have been calculated as described in *Employment Gazette* for May 1979.
[9] Described in an article in *Economic Trends* No. 310, August 1979.
[10] From October 1979, figures have been adjusted for the effects of fortnightly payment of benefit, as described on page 1151 of *Employment Gazette*, November 1979.
[11] Provisional.

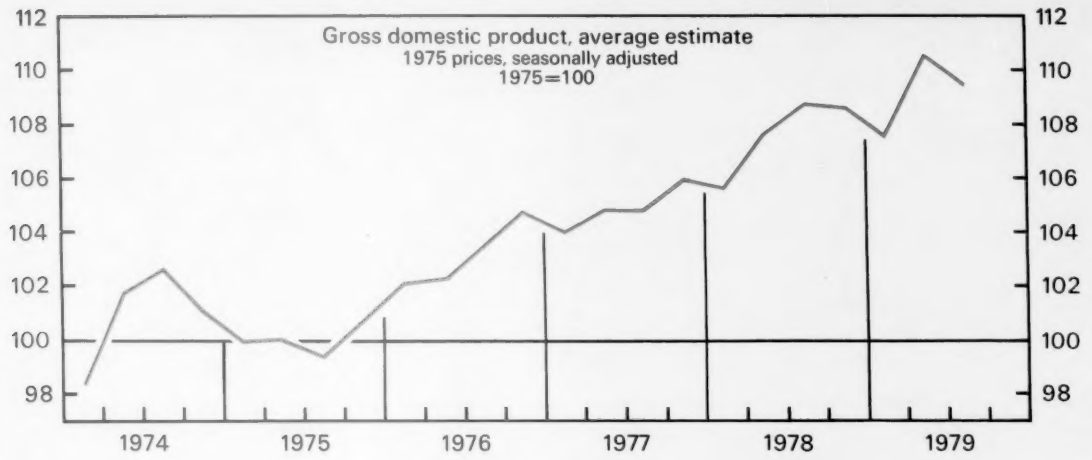
Tables and charts

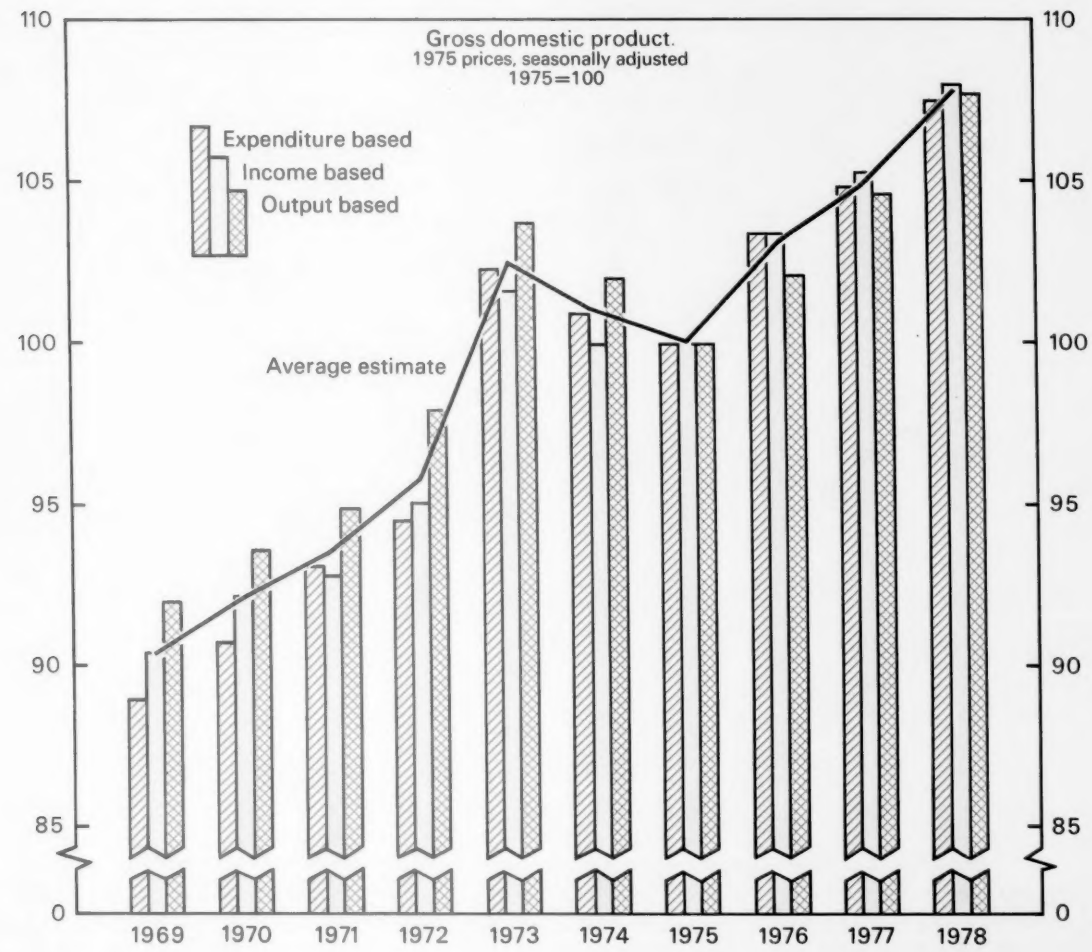
Gross domestic product at factor cost, total home costs and national disposable income revalued at 1975 market prices[1]

Seasonally adjusted

	Gross domestic product at factor cost									Implied index of total home costs	National disposable income at 1975 market prices[2]
	At current prices				At 1975 factor cost						
	£ million		1975 =100		£ million	1975 =100				1975 =100	1975 =100
	Based on:		Based on:		Based on:	Based on:				Based on:	
	expenditure data	income data	expenditure data	income data	expenditure data	expenditure data §	income data[3] §	output data §	Average estimate §	expenditure data	Average estimate
1968	37,554	37,179	40·2	40·1	81,659	87·3	87·3	90·2	88·3	46·0	91·1
1969	39,616	39,902	42·4	43·1	83,091	88·9	90·4	92·0	90·4	47·7	93·7
1970	43,460	43,747	46·5	47·2	84,822	90·7	92·2	93·6	92·2	51·2	96·2
1971	49,428	48,746	52·9	52·6	87,051	93·1	92·7	94·9	93·6	56·7	98·2
1972	55,147	54,946	59·0	59·3	88,385	94·5	95·1	97·9	95·8	62·4	100·9
1973	64,154	63,157	68·6	68·2	95,634	102·3	101·6	103·7	102·5	67·1	105·9
1974	74,073	72,677	79·2	78·5	94,313	100·9	99·9	102·0	100·9	78·5	100·2
1975	93,502	92,614	100·0	100·0	93,502	100·0	100·0	100·0	100·0	100·0	100·0
1976	109,958	108,947	117·6	117·6	96,681	103·4	103·4	102·1	103·0	113·7	102·9
1977	124,716	124,109	133·4	134·0	97,992	104·8	105·3	104·6	104·9	127·2	103·8
1978	141,681	140,928	151·5	152·2	100,523	107·5	108·0	107·7	107·7	140·9	108·4
1975 *1*	21,515	21,393	92·0	92·4	23,154	99·1	99·4	101·2	99·9	92·9	100·1
2	23,035	22,524	98·6	97·3	23,570	100·8	99·6	99·8	100·1	97·7	
3	23,820	23,812	101·9	102·8	23,137	99·0	99·9	99·3	99·4	103·0	99·9
4	25,132	24,885	107·5	107·5	23,641	101·1	101·1	99·7	100·6	106·3	
1976 *1*	26,160	25,578	111·9	110·4	24,079	103·0	101·7	101·0	101·9	108·6	102·2
2	26,799	26,622	114·7	115·0	23,833	102·0	102·3	101·7	102·0	112·4	
3	27,897	27,849	119·3	120·3	24,241	103·7	104·5	102·0	103·4	115·1	103·5
4	29,102	28,898	124·5	124·8	24,528	104·9	105·2	103·9	104·7	118·7	
1977 *1*	29,604	29,612	126·6	127·9	24,152	103·3	104·3	104·4	104·0	122·6	102·8
2	30,565	30,679	130·8	132·5	24,412	104·4	105·8	104·1	104·8	125·2	
3	31,874	31,564	136·3	136·3	24,501	104·8	104·8	104·8	104·8	130·1	104·8
4	32,673	32,254	139·8	139·3	24,927	106·7	106·3	105·1	106·0	131·0	
1978 *1*	33,966	33,326	145·3	144·0	24,798	106·1	105·1	105·7	105·7	137·0	107·2
2	34,678	34,665	148·3	149·7	25,042	107·1	108·1	107·9	107·7	138·5	
3	36,183	36,287	154·8	156·7	25,298	108·2	109·6	108·6	108·8	143·0	109·6
4	36,854	36 650	157·7	158·3	25,385	108·6	109·1	108·5	108·7	145·2	
1979 *1*	36,353	37,194	155·5	160·6	24,642	105·4	108·9	107·3	107·6[4]	147·5	110·6
2	39,274	39,599	168·0	171·0	25,263	108·1	110·0	111·4	111·6[4]	155·5	
3	40,298	41,299	172·4	178·4	24,826	106·2	109·9	109·3	109·5[4]	162·3	
4											
	Percentage change, period on corresponding period of previous year										
1977 *1*	*+13·2*	*+15·8*	*+13·2*	*+15·8*	*+0·3*	*+0·3*	*+2·6*	*+3·4*	*+2·1*	*+12·9*	*+0·6*
2	*+14·1*	*+15·2*	*+14·1*	*+15·2*	*+2·4*	*+2·4*	*+3·4*	*+2·4*	*+2·7*	*+11·4*	
3	*+14·3*	*+13·3*	*+14·3*	*+13·3*	*+1·1*	*+1·1*	*+0·3*	*+2·7*	*+1·4*	*+13·0*	*+1·3*
4	*+12·3*	*+11·6*	*+12·3*	*+11·6*	*+1·6*	*+1·6*	*+1·0*	*+1·2*	*+1·2*	*+10·4*	
1978 *1*	*+14·7*	*+12·5*	*+14·7*	*+12·5*	*+2·7*	*+2·7*	*+0·8*	*+1·2*	*+1·6*	*+11·7*	*+4·3*
2	*+13·5*	*+13·0*	*+13·5*	*+13·0*	*+2·6*	*+2·6*	*+2·2*	*+3·7*	*+2·8*	*+10·6*	
3	*+13·5*	*+15·0*	*+13·5*	*+15·0*	*+3·3*	*+3·3*	*+4·6*	*+3·6*	*+3·8*	*+ 9·9*	*+4·6*
4	*+12·8*	*+13·6*	*+12·8*	*+13·6*	*+1·8*	*+1·8*	*+2·6*	*+3·2*	*+2·5*	*+10·8*	
1979 *1*	*+ 7·0*	*+11·6*	*+ 7·0*	*+11·6*	*−0·6*	*−0·6*	*+3·6*	*+1·5*	*+1·8*	*+ 7·7*	*+3·2*
2	*+13·3*	*+14·2*	*+13·3*	*+14·2*	*+0·9*	*+0·9*	*+1·8*	*+3·2*	*+3·6*	*+12·3*	
3	*+11·4*	*+13·8*	*+11·4*	*+13·8*	*−1·9*	*−1·9*	*+0·3*	*+0·6*	*+0·6*	*+13·5*	
4											

[1] The index numbers are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
[2] Introduced in an article on page xxviii *Economic Trends*, No. 255, January 1975.
[3] Income data deflated by the implied index of total home costs.
[4] Because of doubts about the reliability of the expenditure-based measure of GDP in 1979, these figures have been produced by projecting forward the average estimate in Q4 1978 by the quarterly movements in the output-based measure.


Gross domestic product, average estimate
1975 prices, seasonally adjusted
1975=100
112
110
108
106
104
102
100
98
1974
1975
1976
1977
1978
1979


Gross domestic product.
1975 prices, seasonally adjusted
1975=100
Expenditure based
Income based
Output based
Average estimate
110
105
100
95
90
85
0
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978

Expenditure on the gross domestic product

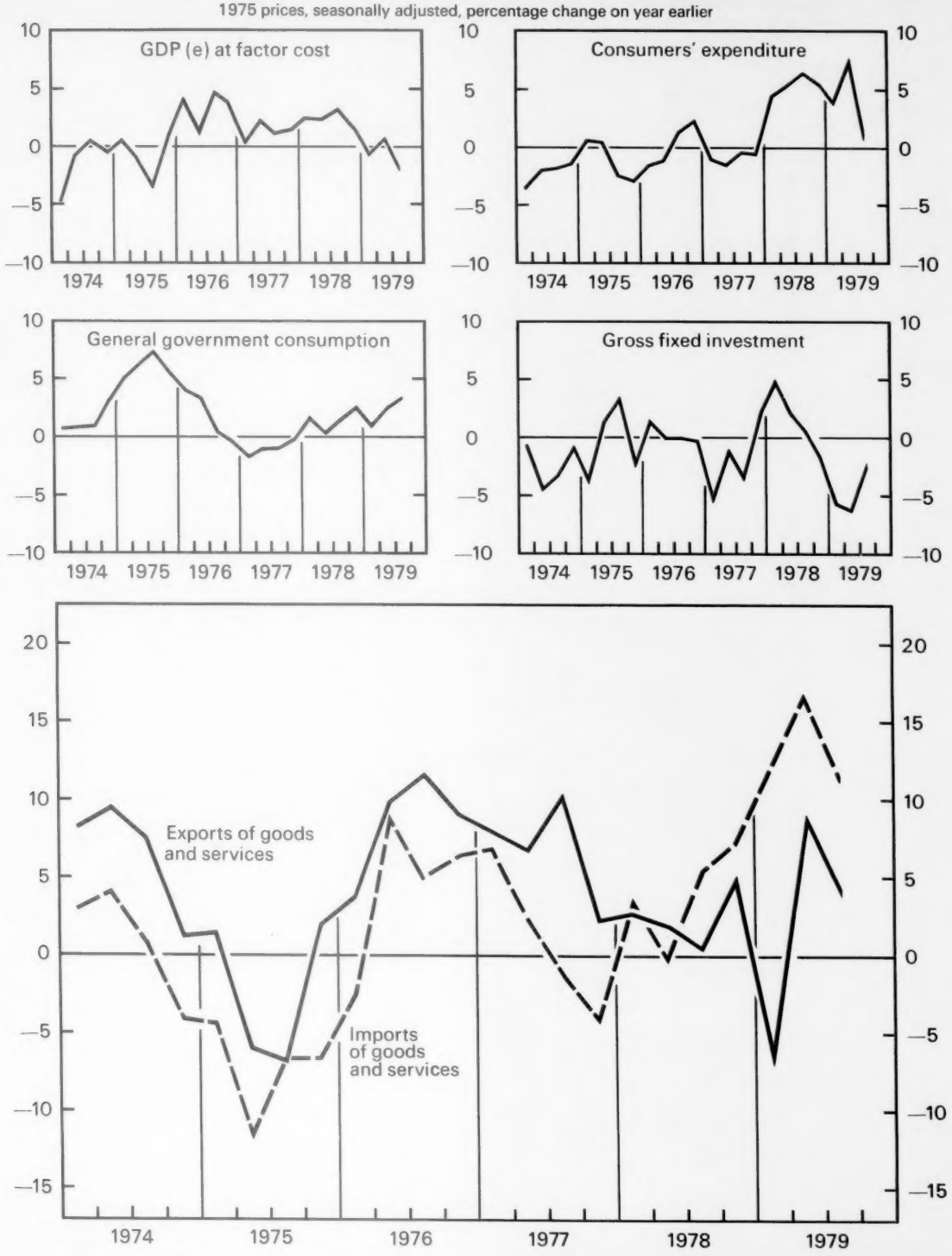
Seasonally adjusted

£ million, 1975 prices

	Gross domestic product at factor cost (expenditure based)[1]	Final expenditure on goods and services at market prices							
		Total[1]	Consumers' expenditure§	General government consumption	Gross fixed investment§	Stock building§	Exports of goods and services§	Imports of goods and services§	Adjustment to factor cost
1968	81,659	113,020	55,880	19,165	18,852	867	18,542	22,241	8,854
1969	83,091	114,994	56,169	18,808	18,924	927	20,364	22,955	8,823
1970	84,822	118,279	57,676	19,076	19,425	798	21,471	24,168	9,163
1971	87,051	122,014	59,557	19,642	19,735	188	23,025	25,331	9,510
1972	88,385	126,611	62,999	20,451	19,767	152	23,291	27,788	10,239
1973	95,634	137,600	65,911	21,426	21,111	3,043	26,109	31,052	10,914
1974	94,313	136,264	64,418	21,732	20,636	1,655	27,823	31,318	10,633
1975	93,502	132,967	63,704	23,050	20,545	−1,477	27,145	29,018	10,447
1976	96,681	137,835	63,852	23,477	20,623	436	29,447	30,297	10,857
1977	97,992	139,398	63,313	23,268	20,187	1,217	31,413	30,564	10,842
1978	100,523	144,131	66,728	23,623	20,485	1,129	32,166	31,751	11,857
1974 *1*	23,048	33,502	16,032	5,371	5,333	−7	6,773	7,736	2,718
2	23,810	34,358	16,035	5,367	5,086	811	7,059	7,944	2,604
3	24,012	34,563	16,141	5,438	5,042	809	7,133	7,896	2,655
4	23,443	33,841	16,210	5,556	5,175	42	6,858	7,742	2,656
1975 *1*	23,154	33,222	16,141	5,646	5,126	−560	6,869	7,398	2,670
2	23,570	33,215	16,114	5,703	5,152	−394	6,640	7,012	2,633
3	23,137	33,093	15,738	5,840	5,213	−346	6,648	7,378	2,578
4	23,641	33,437	15,711	5,861	5,054	−177	6,988	7,230	2,566
1976 *1*	24,080	33,979	15,885	5,873	5,209	−110	7,122	7,234	2,665
2	23,833	34,177	15,936	5,896	5,152	−107	7,300	7,630	2,714
3	24,241	34,694	15,946	5,866	5,211	261	7,410	7,745	2,708
4	24,527	34,985	16,085	5,842	5,051	392	7,615	7,688	2,770
1977 *1*	24,152	34,586	15,727	5,773	4,921	482	7,683	7,725	2,709
2	24,412	34,872	15,694	5,845	5,099	440	7,794	7,810	2,650
3	24,501	34,895	15,883	5,815	5,019	23	8,155	7,660	2,734
4	24,927	35,045	16,009	5,835	5,148	272	7,781	7,369	2,749
1978 *1*	24,798	35,741	16,432	5,873	5,166	390	7,880	7,986	2,957
2	25,042	35,771	16,522	5,870	5,205	229	7,945	7,790	2,939
3	25,298	36,366	16,879	5,901	5,054	346	8,186	8,073	2,995
4	25,385	36,253	16,895	5,979	5,060	164	8,155	7,902	2,966
1979 *1*	24,642	35,945	17,076	5,932	4,873	729	7,335	8,246	3,057
2	25,263	37,563	17,791	6,022	4,884	222	8,644	9,086	3,214
3	24,826	36,879	17,059	6,101	4,955	254	8,510	8,993	3,060
4									
	Percentage change, quarter on corresponding quarter of previous year								
1976 *1*	*+4·0*	*+2·3*	*−1·6*	*+4·0*	*+1·6*	..	*+3·7*	*−2·2*	*−0·2*
2	*+1·1*	*+2·9*	*−1·1*	*+3·4*	—	..	*+9·9*	*+8·8*	*+3·1*
3	*+4·8*	*+4·8*	*+1·3*	*+0·4*	—	..	*+11·5*	*+5·0*	*+5·0*
4	*+3·8*	*+4·6*	*+2·4*	*−0·3*	*−0·1*	..	*+9·0*	*+6·3*	*+8·0*
1977 *1*	*+0·3*	*+1·8*	*−1·0*	*−1·7*	*−5·5*	..	*+7·9*	*+6·8*	*+1·7*
2	*+2·4*	*+2·0*	*−1·5*	*−0·9*	*−1·0*	..	*+6·8*	*+2·4*	*−2·4*
3	*+1·1*	*+0·6*	*−0·4*	*−0·9*	*−3·7*	..	*+10·1*	*−1·1*	*+1·0*
4	*+1·6*	*+0·2*	*−0·5*	*−0·1*	*+1·9*	..	*+2·2*	*−4·1*	*−0·8*
1978 *1*	*+2·7*	*+3·3*	*+4·5*	*+1·7*	*+5·0*	..	*+2·6*	*+3·4*	*+9·2*
2	*+2·6*	*+2·6*	*+5·3*	*+0·4*	*+2·1*	..	*+1·9*	*−0·3*	*+10·9*
3	*+3·3*	*+4·2*	*+6·3*	*+1·5*	*+0·7*	..	*+0·4*	*+5·4*	*+9·5*
4	*+1·8*	*+3·4*	*+5·5*	*+2·5*	*−1·7*	..	*+4·8*	*+7·2*	*+7·9*
1979 *1*	*−0·6*	*+0·6*	*+3·9*	*+1·0*	*−5·7*	..	*−6·9*	*+3·3*	*+3·4*
2	*+0·9*	*+5·0*	*+7·7*	*+2·6*	*−6·2*	..	*+8·8*	*+16·6*	*+9·4*
3	*−1·9*	*+1·4*	*+1·1*	*+3·4*	*−2·0*	..	*+4·0*	*+11·4*	*+2·2*
4									

[1] For years up to and including 1972, totals differ from the sum of the components due to the method used to rebase on 1975 prices.

1975 prices, seasonally adjusted, percentage change on year earlier



Personal disposable income and consumption

Seasonally adjusted

	£ million, current prices				Percentage	1975 prices		
	Personal income before tax					Real personal disposable income [4]		Real consumers' expenditure §
	Total [1]	*of which:* Wages and salaries	Total personal disposable income [2]	Consumers' expenditure	Personal saving ratio [3]	£ million §	1975=100	£ million
1970	43,272	26,975	34,856	31,733	9·0	63,352	84·8	57,676
1971	47,829	29,676	38,507	35,509	7·8	64,585	86·4	59,557
1972	54,218	33,136	44,205	40,014	9·5	69,597	93·1	62,999
1973	62,984	38,018	51,100	45,472	11·0	74,069	99·1	65,911
1974	76,156	45,916	60,686	52,088	14·2	75,051	100·4	64,418
1975	96,772	59,176	74,707	63,704	14·7	74,707	100·0	63,704
1976	112,351	66,870	86,382	73,765	14·6	74,773	100·1	63,852
1977	125,616	74,047	97,748	84,132	13·9	73,560	98·5	63,313
1978	143,213	84,383	113,300	96,086	15·2	78,682	105·3	66,728
1975 *1*	22,652	14,008	17,710	14,784	16·5	19,326	103·5	16,141
2	23,614	14,378	18,336	15,851	13·5	18,631	99·8	16,114
3	24,933	15,228	19,082	16,263	14·8	18,456	98·8	15,738
4	25,573	15,562	19,579	16,806	14·2	18,294	97·9	15,711
1976 *1*	26,941	16,015	20,706	17,483	15·6	18,805	100·7	15,885
2	27,556	16,487	21,038	18,007	14·4	18,611	99·7	15,936
3	28,602	17,022	22,218	18,650	16·0	18,989	101·7	15,946
4	29,252	17,346	22,420	19,625	12·5	18,368	98·3	16,085
1977 *1*	30,425	17,939	23,348	19,977	14·4	18,382	98·4	15,727
2	30,783	18,239	23,713	20,698	12·7	17,981	96·3	15,694
3	31,605	18,623	24,710	21,530	12·9	18,230	97·6	15,883
4	32,803	19,246	25,977	21,927	15·6	18,967	101·6	16,009
1978 *1*	33,929	19,993	26,450	22,965	13·2	18,931	101·4	16,432
2	35,415	20,808	27,810	23,567	15·3	19,502	104·4	16,522
3	36,313	21,531	29,124	24,568	15·6	20,015	107·2	16,879
4	37,556	22,051	29,916	24,986	16·5	20,234	108·3	16,895
1979 *1*	38,685	22,768	30,749	25,807	16·1	20,346	108·9	17,076
2	40,623	23,762	32,106	27,814	13·4	20,536	110·0	17,791
3	42,704	25,082	34,111	28,323	17·0	20,545	110·0	17,059
4								

[1] Before providing for depreciation and stock appreciation.
[2] Before providing for depreciation, stock appreciation and additions to tax reserves.
[3] Personal saving as a percentage of personal disposable income.
[4] Personal disposable income revalued by the implied consumers' expenditure deflator (1975=100).

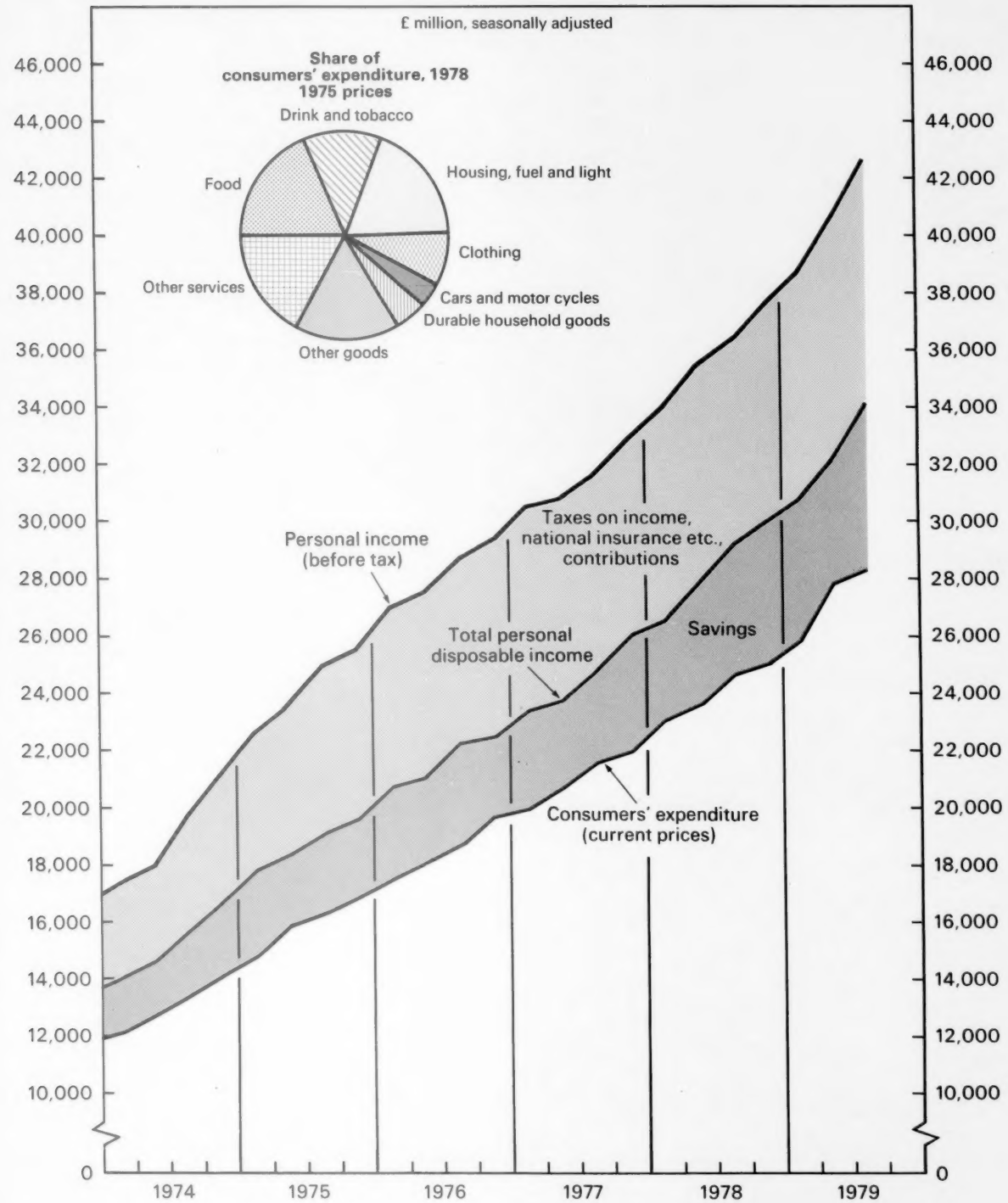
Real consumers' expenditure — component categories

Seasonally adjusted

£ million, 1975 prices

	Total [1] §	Food	Alcoholic drink and tobacco	Housing	Fuel and light	Clothing including footwear	Durable household goods	Cars and motor cycles	Other goods	Other services
1971	59,557	12,117	6,520	8,714	2,752	4,715	2,429	2,345	9,032	11,203
1972	62,999	12,025	6,961	8,917	2,854	4,964	2,986	2,811	9,869	11,747
1973	65,911	12,210	7,694	9,181	2,930	5,183	3,396	2,668	10,658	11,991
1974	64,418	12,099	7,777	9,081	2,984	5,109	3,236	1,820	10,735	11,577
1975	63,704	12,072	7,604	9,286	2,914	5,173	3,198	1,816	10,515	11,126
1976	63,852	12,189	7,664	9,255	2,887	5,197	3,379	1,971	10,615	10,695
1977	63,313	12,049	7,460	9,399	2,962	5,102	3,151	1,922	10,531	10,737
1978	66,728	12,312	8,085	9,560	3,015	5,463	3,430	2,508	10,950	11,405
1977 *1*	15,727	2,954	1,823	2,350	731	1,282	785	475	2,655	2,672
2	15,694	3,055	1,846	2,339	763	1,245	768	450	2,569	2,659
3	15,883	2,963	1,883	2,356	749	1,285	792	501	2,650	2,704
4	16,009	3,077	1,908	2,354	719	1,290	806	496	2,657	2,702
1978 *1*	16,432	3,045	2,012	2,388	746	1,312	834	591	2,696	2,808
2	16,522	3,052	1,995	2,378	759	1,336	851	606	2,713	2,832
3	16,879	3,130	2,033	2,390	771	1,403	875	655	2,773	2,849
4	16,895	3,085	2,045	2,404	739	1,412	870	656	2,768	2,916
1979 *1*	17,076	3,042	2,117	2,415	850	1,366	888	626	2,809	2,963
2	17,791	3,154	2,163	2,438	787	1,455	1,024	851	2,864	3,055
3	17,059	3,210	1,989	2,454	774	1,381	843	577	2,783	3,048
4										

[1] For the years prior to 1973 the total differs from the sum of the components due to the method of rebasing to 1975 prices.


£ million, seasonally adjusted
Share of consumers' expenditure, 1978 1975 prices
Drink and tobacco
Housing, fuel and light
Clothing
Cars and motor cycles
Durable household goods
Other goods
Other services
Food
Personal income (before tax)
Taxes on income, national insurance etc., contributions
Total personal disposable income
Savings
Consumers' expenditure (current prices)
46,000
44,000
42,000
40,000
38,000
36,000
34,000
32,000
30,000
28,000
26,000
24,000
22,000
20,000
18,000
16,000
14,000
12,000
10,000
0
1974
1975
1976
1977
1978
1979

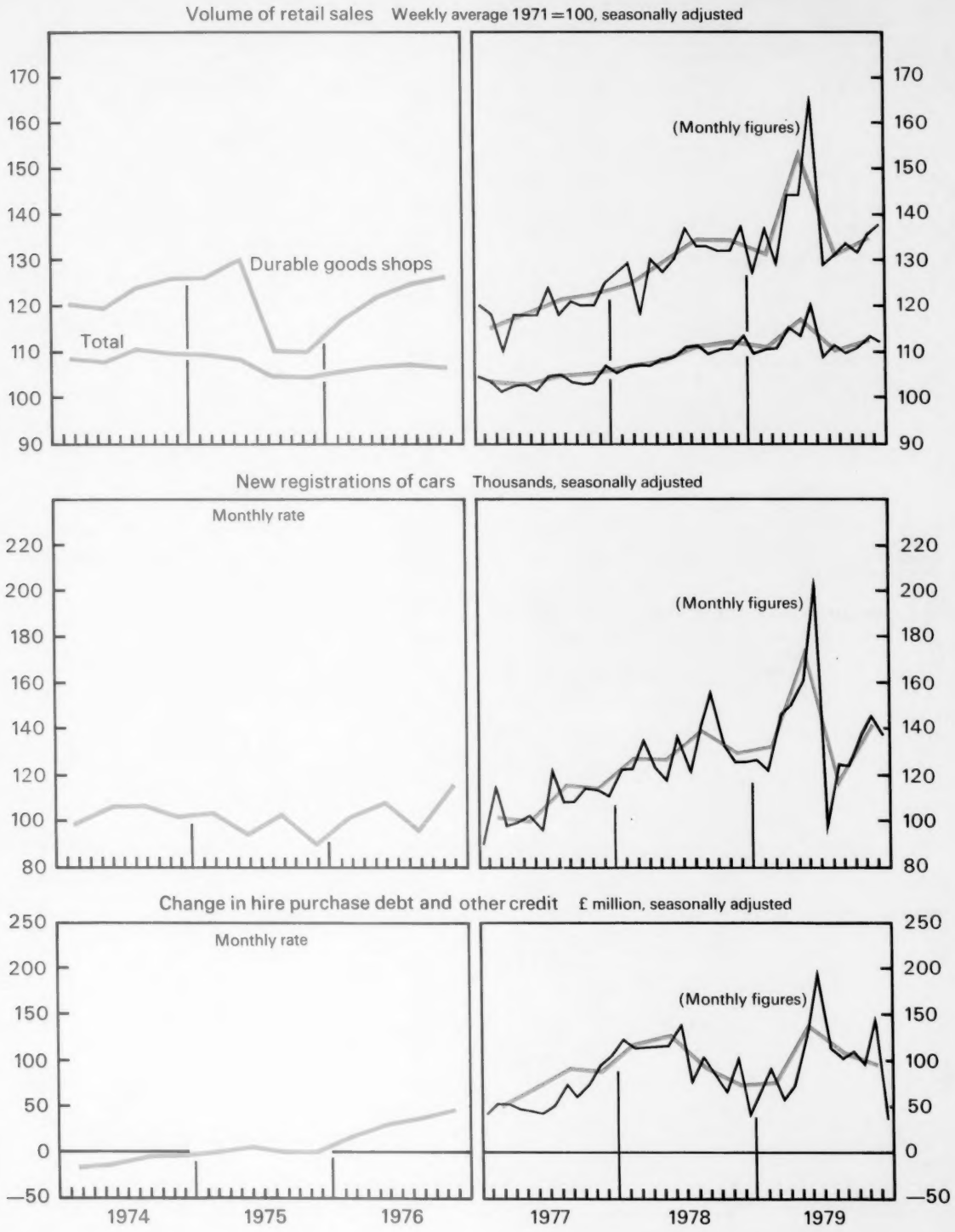
Retail sales, new registrations of cars and hire purchase debt (Great Britain)

	Seasonally adjusted								
	Weekly average 1971=100						Thousands[1]	£ million	
	Value of retail sales[2]	Volume of retail sales[2]						Hire purchase and other credit[3]	
	Total[4] §	Total[4] §	Food shops[4] §	Clothing and footwear shops §	Durable goods shops §	Other non-food shops §	New registrations of cars §	New credit extended	Implied change in debt outstanding
Sales in 1971 £ million	*16,296*	*16,296*	*6,866*	*2,436*	*1,897*	*5,097*			
1969	84·0	96·2	100·5	93	87	95	82·3	1,584	− 11
1970	91·0	98·4	101·1	97	91	98	91·4	1,767	+ 92
1971	100·0	100·0	100·0	100	100	100	108·5	2,036	+251
1972	112·0	105·3	101·6	104	113	108	138·6	2,466	+438
1973	126·9	110·3	101·6	108	127	117	137·1	2,846	+444
1974	146·7	109·0	102·4	106	122	115	102·8	2,508	−164
1975	174·4	106·7	100·0	106	119	111	97·2	2,981	− 13
1976	200·1	106·5	98·7	106	122	111	104·7	3,586	+343
1977	228·0	103·6	94·8	105	119	109	107·1	4,392	+623
1978	260·1	109·2	98·0	114	130	114	130·1	6,021	+1,206
1979	297·3	112·3	100·6	118	137	116	139·7	7,280	+1,224
1975 *1*	165·2	109·5	101·7	109	126	114	103·0	710	− 6
2	175·0	108·5	99·9	106	130	113	94·0	752	+ 9
3	176·6	104·3	98·9	105	110	109	102·0	749	− 9
4	181·5	104·2	99·3	103	110	109	89·9	770	− 7
1976 *1*	189·6	105·9	99·5	105	117	111	100·7	833	+ 37
2	196·0	106·7	99·4	106	122	111	107·1	872	+ 79
3	203·2	107·2	99·1	106	125	112	95·5	913	+100
4	211·6	106·1	96·8	105	126	112	115·3	968	+127
1977 *1*	216·7	103·3	94·9	105	115	109	100·5†	1,007	+144
2	222·0	102·4	94·4	101	118	108	99·0	1,100	+203
3	233·7	104·2	94·3	107	121	110	115·3	1,219	+262
4	239·6	104·7	95·6	109	122	109	113·6	1,292	+254
1978 *1*	246·4	106·4	96·6	111	124	111	126·9	1,372	+355
2	254·4	107·9	97·8	111	129	113	126·2	1,506	+375
3	266·6	110·7	98·1	117	134	116	139·3	1,559	+266
4	273·0	111·7	99·4	119	134	116	128·1	1,584	+210
1979 *1*	276·5†	110·1†	99·9	115†	131	114	131·7	1,581†	+220†
2	297·5	116·6	102·3†	121	152†	120†	171·8	1,867	+405
3	300·6	109·9	99·5	116	131	113	114·8	1,879	+324
4	314·8	112·4	100·7	120	135	116	140·3	1,953	+275
1978 *J*	265·0	111·0	98·2	116	137	116	120·7†	506	+ 76
A	269·2	111·7	97·8	121	133	118	142·0	535	+105
S	265·9	109·6	98·2	115	133	114	155·1	518	+ 85
O	267·9	110·2	98·3	115	132	116	132·1	515	+ 68
N	269·7	110·5	98·6	115	132	116	126·1	568	+103
D	279·8	113·8	100·9	126	137	117	126·2	501	+ 39
1979 *J*	273·3	109·4†	103·6	109	127	111	127·5	523†	+ 69†
F	275·5	110·3	97·0	117	136†	115†	121·4	531	+ 92
M	279·9	110·6	99·3	120	129	115	146·1	527	+ 59
A	290·7	115·2	101·6	124	144	119	151·8	566	+ 74
M	289·3	113·4	101·5	116	144	117	160·7	621	+132
J	309·4	120·2	103·6†	123†	166	124	202·9	680	+199
J	294·5	108·6	99·6	112	129	112	96·0	629	+113
A	304·4	111·4	99·3	122	130	116	124·4	634	+102
S	302·4	109·8	99·6	114	134	113	124·1	616	+109
O	309·6	111·3	99·5	118	132	116	138·0	663†	+ 97†
N	317·5	113·6	100·6	125	136	118	145·8	698	+144
D	316·9	112·4	101·8	119	138	114	137·2	592	+ 34

[1] Monthly averages. [2] Monthly figures of retail sales are based on four-week periods, except for the months of March, June, September and December which are five-week periods. Because of timing differences January 1975 is exceptionally a five-week period. Further details are given in the technical note to the retail sales figures on page 716 of *Trade and Industry*, 14 March 1975.

[3] Credit extended by and repaid to finance houses, other specialist consumer credit grantors and retailers, i.e. durable goods shops, department stores (including co-operative societies), other general stores and general mail order houses. There is a break in the series between the first and second quarters of 1977 due to a change in coverage. Up to the first quarter of 1977 the series excludes 'other consumer credit grantors' but includes charges for credit. From the second quarter of 1977 charges for credit are excluded but 'other specialist consumer credit grantors' are included. For further details see *Trade and Industry*, 12 April 1979.

[4] These indices are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.


Volume of retail sales Weekly average 1971 = 100, seasonally adjusted
Durable goods shops
Total
(Monthly figures)
New registrations of cars Thousands, seasonally adjusted
Monthly rate
(Monthly figures)
Change in hire purchase debt and other credit £ million, seasonally adjusted
Monthly rate
(Monthly figures)
1974
1975
1976
1977
1978
1979

Shares of income and expenditure

Seasonally adjusted

	£ million	Per cent						£ million	Per cent		
		Percentage share of total final expenditure							Percentage share of total domestic income		
				Gross fixed investment							
	Total final expenditure (current market prices)	Consumers' expenditure	General government consumption	General government	Public corporations	Private sector	Exports	Total domestic income (current prices)[1]	Income from employment	Gross trading profits of companies[1]	Other[1], [2]
1970	62,114	51·1	14·4	3·9	2·7	8·6	18·6	44,837	67·8	13·2	19·0
1971	69,409	51·2	14·7	3·7	2·7	8·8	18·7	49,841	67·2	13·4	19·4
1972	77,013	52·0	15·1	3·5	2·3	9·2	17·7	56,283	66·9	13·2	19·9
1973	91,811	49·5	14·5	4·0	2·3	9·2	18·8	66,131	65·5	13·5	21·0
1974	109,933	47·4	15·0	4·0	2·6	8·8	21·0	78,734	66·8	12·1	21·1
1975	132,967	47·9	17·3	3·7	3·0	8·7	20·4	98,143	69·7	10·3	20·0
1976	159,909	46·1	16·7	3·4	2·9	8·5	22·0	115,437	67·9	11·2	20·9
1977	184,202	45·7	15·8	2·6	2·5	8·9	23·5	129,096	66·9	12·2	20·9
1978	206,800	46·4	15·8	2·1	2·4	9·6	22·8	145,177	67·6	11·7	20·6
1977 *1*	43,845	45·6	15·8	2·9	2·6	8·3	23·3	31,582	66·2	12·9	20·9
2	45,669	45·3	15·9	2·6	2·5	8·8	23·5	31,827	66·9	12·3	20·8
3	47,052	45·8	15·8	2·5	2·6	9·0	24·2	32,685	66·6	12·2	21·2
4	47,636	46·0	15·8	2·4	2·5	9·4	23·1	33,002	68·0	11·3	20·7
1978 *1*	49,584	46·3	15·8	2·3	2·3	9·6	22·7	34,147	68·0	11·2	20·8
2	50,761	46·4	15·7	2·1	2·5	9·7	22·8	35,826	67·7	11·6	20·7
3	52,831	46·5	15·7	2·2	2·3	9·5	23·0	37,277	67·2	12·3	20·5
4	53,624	46·6	16·0	1·9	2·3	9·7	22·9	37,927	67·6	11·8	20·6
1979 *1*	54,245	47·6	16·0	2·1	2·4	9·3	21·0	39,236	67·5	12·3	20·2
2	59,022	47·1	15·4	2·0	2·2	9·0	23·5	41,724	66·6	13·9	19·5
3	60,930	46·5	16·0	2·3	2·3	8·9	23·3	43,644	67·1	13·6	19·3
4											

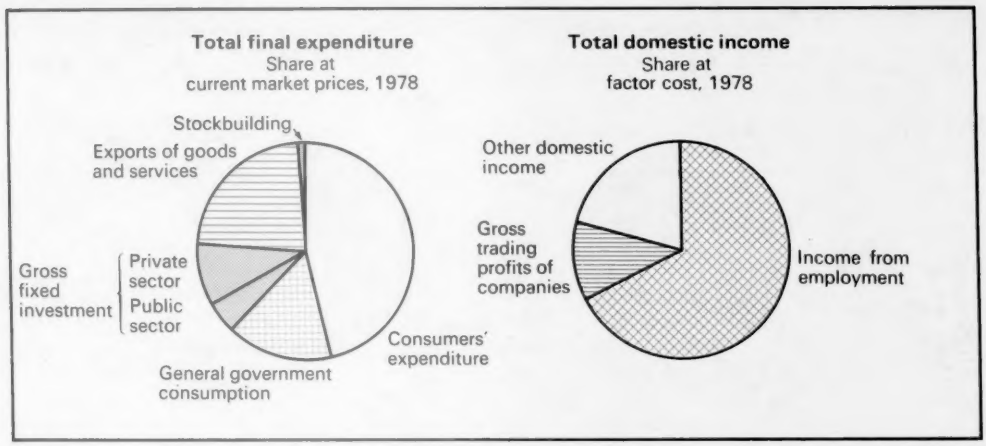
[1] Before providing for stock appreciation.
[2] Gross trading surplus of public corporations and general government enterprises, income from rent and self-employment, and imputed charge for consumption of non-trading capital.

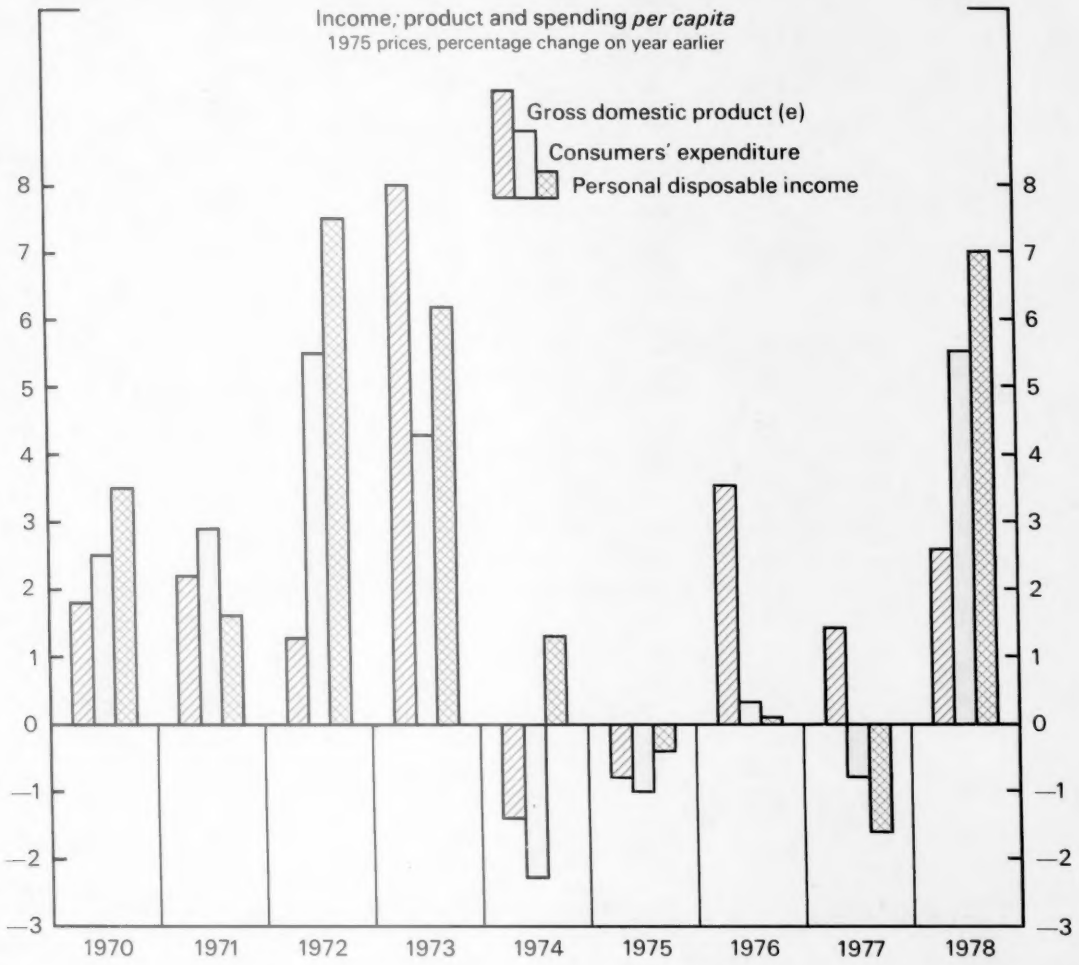
Income, product and spending *per capita*

Seasonally adjusted

	£, current prices				£, 1975 prices		
	Gross national product[1]	Gross domestic product[1], [2]	Consumers' expenditure	Personal disposable income	Gross domestic product[1], [2]	Consumers' expenditure	Personal disposable income
1970	793	783	572	628	1,528	1,039	1,141
1971	896	887	637	691	1,563	1,069	1,159
1972	997	987	716	791	1,582	1,128	1,246
1973	1,168	1,146	812	913	1,708	1,177	1,323
1974	1,348	1,322	930	1,083	1,684	1,150	1,340
1975	1,684	1,670	1,138	1,335	1,670	1,138	1,335
1976	1,988	1,965	1,318	1,544	1,728	1,141	1,336
1977	2,234	2,230	1,505	1,748	1,752	1,132	1,315
1978	2,549	2,534	1,719	2,027	1,798	1,194	1,407
1976 *1*	472	467	312	370	430	284	336
2	485	479	322	376	426	285	333
3	505	499	333	397	433	285	339
4	526	520	351	401	439	287	328
1977 *1*	531	529	357	417	432	281	329
2	547	547	370	424	436	281	321
3	571	570	385	442	438	284	326
4	585	584	393	465	446	286	339
1978 *1*	610	608	411	473	444	294	338
2	625	620	422	498	448	296	349
3	652	647	439	521	452	302	358
4	662	659	447	535	454	302	362
1979 *1*	654	650	462	550	441	305	364
2	702	703	498	574	452	318	367
3	720	721	507	610	444	305	368
4							

[1] At factor cost.
[2] Based on expenditure data.


Total final expenditure
Share at
current market prices, 1978
Stockbuilding
Exports of goods
and services
Gross
fixed
investment
Private
sector
Public
sector
Consumers'
expenditure
General government
consumption
Total domestic income
Share at
factor cost, 1978
Other domestic
income
Gross
trading
profits of
companies
Income from
employment


Income, product and spending *per capita*
1975 prices, percentage change on year earlier
Gross domestic product (e)
Consumers' expenditure
Personal disposable income
8
7
6
5
4
3
2
1
0
—1
—2
—3
1970
1971
1972
1973
1974
1975
1976
1977
1978

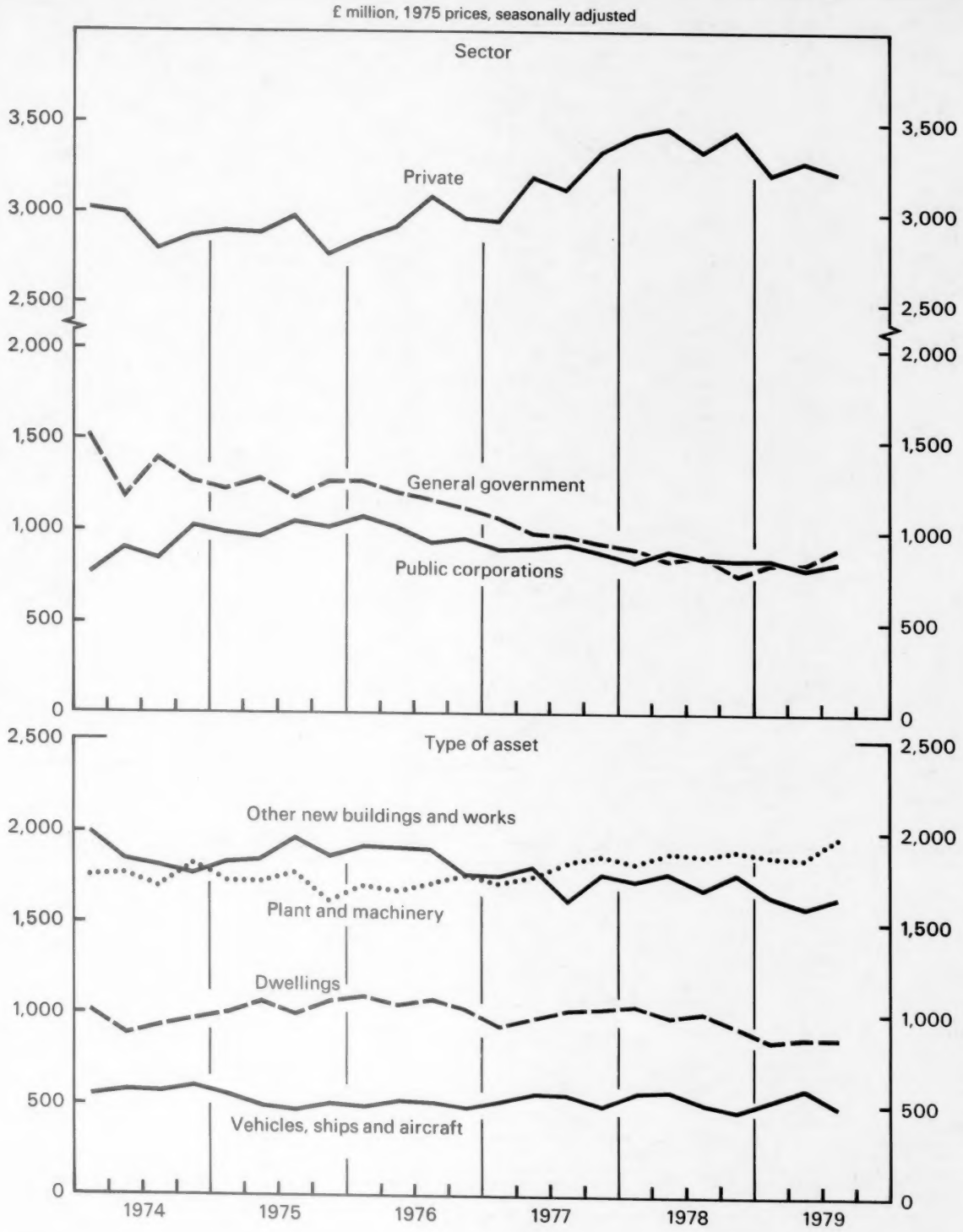
Gross domestic fixed capital formation by sector and by type of asset

Seasonally adjusted

£ million, 1975 prices[1]

	Sector[2]			Type of asset					
				Dwellings					
					of which:				
	Total§	Private sector	General government	Public corporations	Total	Private	Public	Other new building and works[3]	Vehicles, ships and aircraft	Plant and machinery
1968	18,852	9,815	5,446	3,604	4,379	2,341	2,134	7,243	1,722	5,894
1969	18,924	10,428	5,352	3,156	4,187	2,187	2,087	7,339	1,692	6,074
1970	19,425	10,704	5,444	3,281	3,850	2,047	1,879	7,661	1,816	6,384
1971	19,735	11,150	5,265	3,299	4,091	2,440	1,733	7,795	1,879	6,282
1972	19,767	11,782	5,045	2,904	4,309	2,745	1,609	7,687	2,145	6,023
1973	21,111	12,226	5,757	3,128	4,152	2,449	1,703	7,793	2,412	6,754
1974	20,636	11,715	5,365	3,556	3,826	2,004	1,822	7,424	2,326	7,060
1975	20,545	11,545	4,974	4,026	4,146	2,182	1,964	7,513	2,023	6,863
1976	20,623	11,832	4,795	3,996	4,260	2,177	2,083	7,492	2,011	6,860
1977	20,187	12,601	3,970	3,616	3,953	2,021	1,932	6,951	2,132	7,151
1978	20,485	13,687	3,370	3,428	3,958	2,256	1,702	6,953	2,103	7,471
1974 *1*	5,333	3,034	1,524	775	1,020	564	456	1,998	558	1,757
2	5,086	3,007	1,170	909	890	487	403	1,849	583	1,764
3	5,042	2,797	1,401	844	941	440	501	1,812	577	1,712
4	5,175	2,877	1,270	1,028	975	513	462	1,765	608	1,827
1975 *1*	5,126	2,902	1,231	993	1,005	534	471	1,834	552	1,735
2	5,152	2,891	1,296	965	1,074	565	509	1,848	495	1,735
3	5,213	2,985	1,176	1,052	994	545	449	1,973	472	1,774
4	5,054	2,767	1,271	1,016	1,073	538	535	1,858	504	1,619
1976 *1*	5,209	2,853	1,277	1,079	1,099	560	539	1,916	491	1,703
2	5,152	2,920	1,215	1,017	1,046	532	514	1,909	519	1,678
3	5,211	3,098	1,172	941	1,079	566	513	1,902	515	1,715
4	5,051	2,961	1,131	959	1,036	519	517	1,765	486	1,764
1977 *1*	4,921	2,949	1,072	900	937	428	509	1,754	516	1,714
2	5,099	3,200	990	909	980	505	475	1,810	562	1,747
3	5,019	3,117	973	929	1,015	536	479	1,618	555	1,831
4	5,148	3,335	935	878	1,021	552	469	1,769	499	1,859
1978 *1*	5,166	3,428	905	833	1,042	603	439	1,732	565	1,827
2	5,205	3,466	841	898	980	575	405	1,771	574	1,880
3	5,054	3,333	868	853	1,001	536	465	1,682	502	1,869
4	5,060	3,460	756	844	935	542	393	1,768	462	1,895
1979 *1*	4,873	3,211	815	847	847	451	396	1,650	518	1,858
2	4,884	3,282	808	794	863	488	375	1,579	591	1,851
3	4,955	3,220	903	832	861	454	407	1,640	493	1,961
	Percentage change, quarter on corresponding quarter of previous year									
1976 *1*	+ 1·6	− 1·7	+ 3·7	+ 8·7	+ 9·4	+ 4·9	+14·4	+ 4·5	−11·1	− 1·8
2	—	+ 1·0	− 6·2	+ 5·4	− 2·6	− 5·8	+ 1·0	+ 3·3	+ 4·8	− 3·3
3	—	+ 3·8	− 0·3	−10·5	+ 8·6	+ 3·9	+14·3	− 3·6	+ 9·1	− 3·3
4	− 0·1	+ 7·0	−11·0	− 5·6	− 3·4	− 3·5	− 3·4	− 5·0	− 3·6	+ 9·0
1977 *1*	− 5·5	+ 3·4	−16·1	−16·6	−14·7	− 5·7	− 5·6	− 8·5	+ 5·1	+ 0·6
2	− 1·0	+ 9·6	−18·5	−10·6	− 6·3	− 5·1	− 7·6	− 5·2	+ 8·3	+ 4·1
3	− 3·7	+ 0·6	−17·0	− 1·3	− 5·9	− 5·3	− 6·6	−14·9	+ 7·8	+ 6·8
4	+ 1·9	+12·6	−17·3	− 8·4	− 1·4	+ 6·4	− 9·3	+ 0·2	+ 2·7	+ 5·4
1978 *1*	+ 5·0	+16·2	−15·6	− 7·4	+11·2	+40·9	−13·8	− 1·3	+ 9·5	+ 6·6
2	+ 2·1	+ 8·3	−15·1	− 1·2	—	+13·9	−14·7	− 2·2	+ 2·1	+ 7·6
3	+ 0·7	+ 6·9	−10·8	− 8·2	− 1·4	—	− 2·9	+ 4·0	− 9·5	+ 2·1
4	− 1·7	+ 3·7	−19·1	− 3·9	− 8·4	− 1·8	−16·2	− 0·1	− 7·4	+ 1·9
1979 *1*	− 5·7	− 6·3	− 9·9	+ 1·7	−18·7	−25·2	− 9·8	− 4·7	− 8·3	+ 1·7
2	− 6·2	− 5·3	− 3·9	−11·6	−11·9	−15·1	− 7·4	−10·8	+ 3·0	− 1·5
3	− 2·0	− 3·4	+ 4·0	− 2·5	−14·0	−15·3	−12·5	− 2·5	− 1·8	+ 4·9

[1] For the years prior to 1973, totals may not equal the sum of their components, due to the method used in rebasing to 1975 prices.
[2] Including purchases *less* sales of land and existing buildings. [3] Including transfer costs of land and buildings.


£ million, 1975 prices, seasonally adjusted
Sector
Private
General government
Public corporations
Type of asset
Other new buildings and works
Plant and machinery
Dwellings
Vehicles, ships and aircraft
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1974
1975
1976
1977
1978
1979

Indicators of fixed investment by manufacturing industry

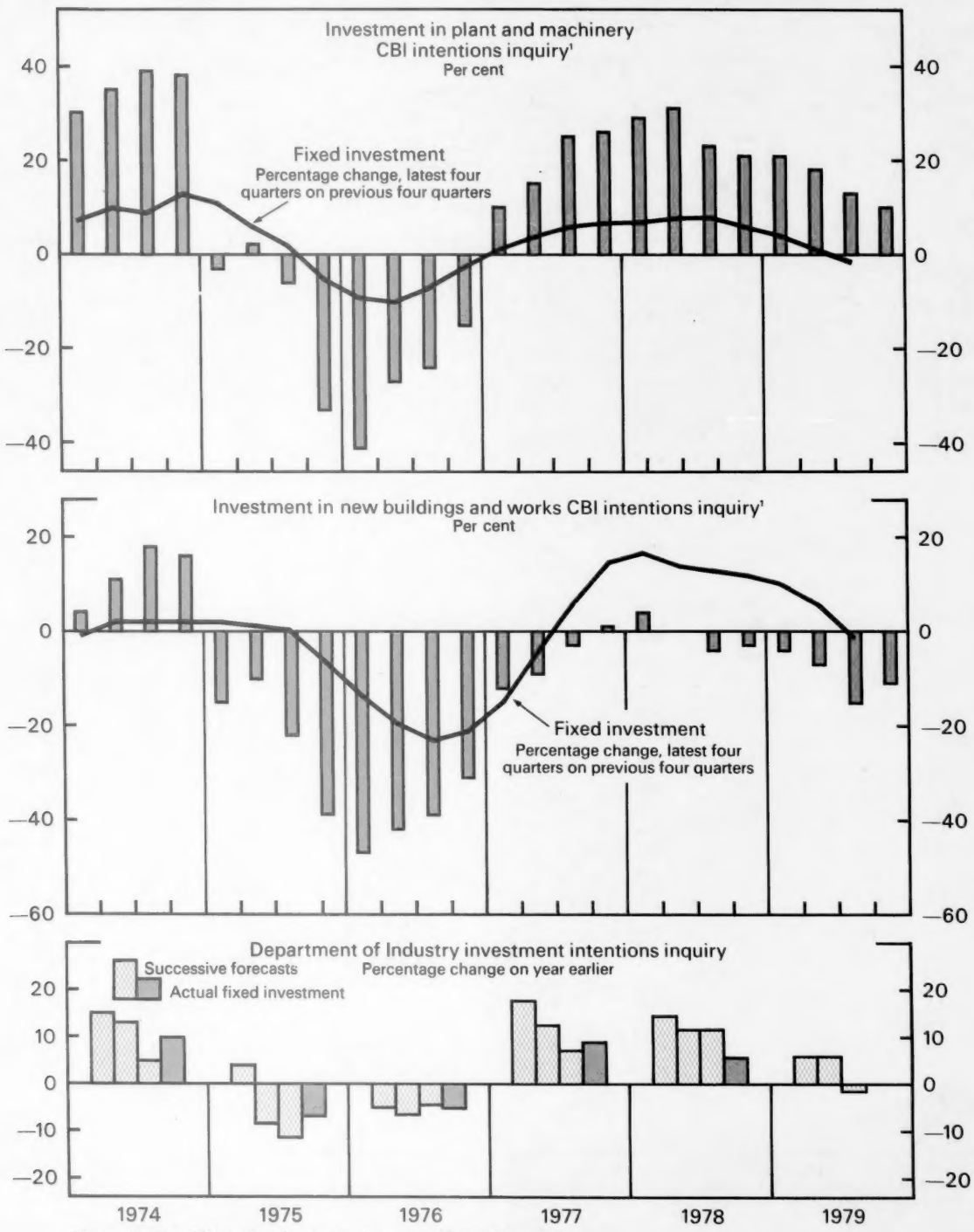
	Gross fixed investment in manufacturing industry							New orders received by contractors for private industrial work (GB)
	Total§	Plant and machinery			New building and works			
		Gross fixed investment		CBI Intentions Inquiry	Gross fixed investment		CBI Intentions Inquiry	
	£ million, 1975 prices, seasonally adjusted	£ million, 1975 prices, seasonally adjusted	*Percentage change on year earlier*	Balance[1]	£ million, 1975 prices, seasonally adjusted	*Percentage change on year earlier*	Balance[1]	£ million, 1975 prices, seasonally adjusted
1968	3,622·9	2,568·9	*+ 7*	..	842·0	*+ 5*	..	1,368
1969	3,877·0	2,679·5	*+ 4*	..	973·6	*+16*	..	1,507
1970	4,177·0	2,974·2	*+11*	..	980·8	*+ 1*	..	1,410
1971	3,897·7	2,795·3	*− 6*	..	880·4	*−10*	..	1,012
1972	3,370·4	2,420·4	*−13*	..	710·6	*−19*	..	1,003
1973	3,439·8	2,505·3	*+ 4*	..	674·4	*− 5*	..	1,287
1974	3,781·8	2,821·3	*+13*	..	686·9	*+ 2*	..	1,076
1975	3,521·9	2,682·1	*− 5*	..	639·9	*− 7*	..	684
1976	3,341·3	2,598·0	*− 3*	..	503·8	*−21*	..	797
1977	3,637·0	2,771·2	*+ 7*	..	581·8	*+15*	..	958
1978	3,852·6	2,936·3	*+ 6*	..	651·5	*+12*	..	1,001
1975 *1*	946·0	715·2	*+ 3*	−41	176·6	*+ 3*	−47	209
2	902·3	687·7	*− 2*	−27	167·2	*− 1*	−42	164
3	846·8	643·5	*− 8*	−24	155·7	*− 8*	−39	183
4	826·8	635·7	*−12*	−15	140·4	*−20*	−31	128
1976 *1*	819·2	631·4	*−12*	10	134·0	*−24*	−12	180
2	827·6	644·4	*− 6*	15	122·9	*−26*	− 9	194
3	844·4	658·1	*+ 2*	25	124·6	*−20*	− 3	193
4	850·1	664·1	*+ 4*	26	122·3	*−13*	1	229
1977 *1*	876·4	667·1	*+ 6*	29	139·9	*+ 4*	4	213
2	898·3	680·2	*+ 6*	31	144·2	*+17*	—	259
3	918·8	702·7	*+ 7*	23	147·6	*+18*	− 4	242
4	943·5	721·2	*+ 9*	21	150·1	*+23*	− 3	244
1978 *1*	945·7	723·3	*+ 8*	21	152·2	*+ 9*	− 4	269
2	969·8	745·5	*+10*	18	155·8	*+ 8*	− 7	261
3	965·7	728·5	*+ 4*	13	169·0	*+14*	−15	257
4	971·4	739·0	*+ 2*	10	174·5	*+16*	−11	215
1979 *1*	951·8	730·6	*+ 1*	12	157·1	*+ 3*	− 7	231
2	928·1	713·2	*− 4*	12	140·8	*−10*	− 6	276
3	939·8	719·8	*− 1*	8	149·0	*−12*	− 9	244†
4				− 9			−20	
1980 *1*				−18			−30	
2								

[1] Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
[2] Provisional.

Department of Industry inquiry into investment intentions[1]: manufacturing industry

	Percentage change over previous year, in volume terms			
	Gross fixed investment			
	First forecast	Second forecast	Third forecast	Actual
1970	about +10	about +10	about +2 or +3	+ 7·7
1971	no large change	about −2	about −6 to −8	− 6·7
1972	little change, perhaps a rise	about −3	−7	−13·5
1973	+2 to +5	+2 to +5	+6	+ 2·1
1974	strong increase about +15	some +12 to +14	about +5	+ 9·9
1975	less than +5	−7 to −10	about −11 or −12	− 6·9
1976	of the order of −5	−5 to −8	−4 to −5	− 5·1
1977	between +15 and +20	+10 to +15	+7	+ 8·8
1978	between +12 and +17	+10 to +13	+10 to +13	+ 5·9
1979	+4 to +8	+4 to +8	no change to −3	
1980	fall up to −7	−6 to −10		

[1] For each year the first inquiry is held in the preceding summer, the second at the end of the previous year and the third in the summer of the year concerned. (In addition, the inquiry at the end of the year seeks preliminary information in respect of the second year ahead and another survey in the spring of each year updates the intentions for both years covered by this inquiry; these inquiries are not included in the table.) An article, 'Investment intentions survey: a 10 year review', was published in *Trade and Industry* for 27 October 1978. In this article the table is expanded to include all the inquiries for manufacturing industry, and a similar table is included for the inquiries into the distributive and service industries.

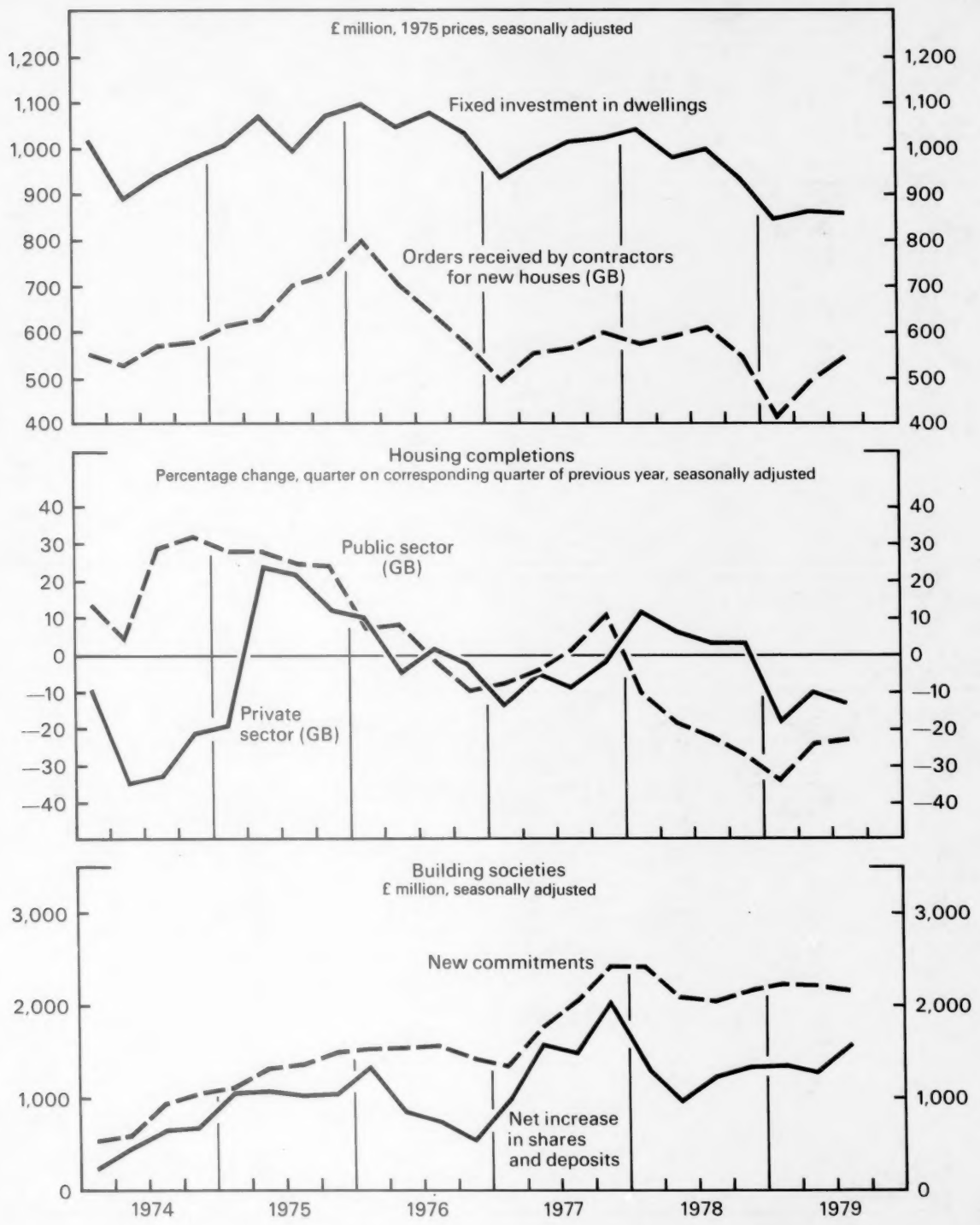


[1]The results of the CBI intentions inquiry have been moved forward one year for direct comparison with the percentage changes in fixed investment.

Indicators of fixed investment in dwellings

		Seasonally adjusted								Unadjusted
		£ million, 1975 prices		Thousands				£ million		1975 =100
		Fixed investment in dwellings	Orders received by contractors for new houses (GB)	Housing starts (GB) §		Housing completions (GB) §		Building Societies Association		Average price of new dwellings: mortgages approved[1]
				Private sector	Public sector	Private sector	Public sector	New commitments for mortgages	Net increase in shares and deposits	
1969		4,187	3,064	166·8	176·6	181·7	185·1	1,580	895	39·3
1970		3,850	3,093	165·1	153·8	170·3	180·1	2,188	1,490	41·8
1971		4,091	3,147	207·4	136·9	191·6	158·9	3,013	2,034	48·1
1972		4,309	3,507	228·0	123·0	196·5	122·8	3,802	2,193	63·3
1973		4,152	3,320	215·7	112·8	186·6	107·5	3,254	2,162	86·2
1974		3,826	2,224	105·9	146·1	140·9	128·6	3,115	1,993	91·4
1975		4,146	2,663	149·1	173·8	150·8	162·3	5,302	4,172	100·0[2]
1976		4,260	2,712	154·7	170·8	152·2	163·0	6,089	3,405	108·4
1977		3,953	2,214	134·8	132·1	140·3	162·5	7,524	6,099	119·0
1978		3,958	2,311	157·3	107·4	148·6	130·7	8,710	4,822	142·6
1979				139·1	80·5	132·6	102·1	8,872	5,564	183·2
1974	*3*	941	568	22·5	36·5	30·9	33·9	931	634	92·3
	4	975	578	23·8	35·8	33·8	34·4	1,053	685	92·6
1975	*1*	1,005	610	33·1	41·4	35·8	37·8	1,119	1,054	95·3
	2	1,074	625	37·4	37·8	39·6	39·3	1,311	1,085	100·0
	3	994	702	38·0	43·9	37·6	42·5	1,373	1,012	102·1
	4	1,073	726	40·6	50·7	37·8	42·7	1,499	1,021	102·7
1976	*1*	1,099	801	42·0	49·8	39·4	40·6	1,537	1,341	104·3
	2	1,046	700	42·0	44·3	37·8	42·4	1,552	824	107·9
	3	1,079	640	39·3	44·3	38·3	41·5	1,581	727	110·3
	4	1,036	572	31·4	32·4	36·7	38·5	1,419	513	111·5
1977	*1*	937	494	29·9	30·3	33·7	37·5	1,337	963	112·7
	2	980	558	34·7	32·7	35·8	40·3	1,743	1,599	116·6
	3	1,015	563	35·3	34·6	34·8	41·8	2,018	1,487	120·5
	4	1,021	600	34·9	34·5	36·0	42·9	2,426	2,050	124·5
1978	*1*	1,042	571	35·5	27·2	37·8	33·8	2,419	1,310	130·5
	2	980	587	39·6	30·0	37·9	33·1	2,091	969	138·0
	3	1,001	610	38·3	26·0	35·8	32·4	2,035	1,207	148·2
	4	935	542	43·9	24·2	37·1	31·4	2,165	1,336	157·6
1979	*1*	847†	411	27·0†	17·2†	30·6	22·3†	2,239	1,320	166·1
	2	863	494	35·3	20·9	34·2†	25·3	2,226	1,227	178·2
	3	861	549†	37·5	20·6	31·1	25·1	2,179	1,525	190·6
	4			39·3	21·8	36·7	29·4	2,228	1,492	201·8
1978	*J*	..	191	11·8	9·5	12·5	12·0	655	389	144·7
	A	..	215	11·6	8·0	11·4	10·2	683	381	148·7
	S	..	204	14·9	8·5	11·9	10·2	697	437	151·2
	O	..	189	14·5	8·7	12·2	10·3	709	429	154·7
	N	..	193	14·1	7·5	11·5	10·5	706	432	157·4
	D	..	160	15·3	8·0	13·4	10·6†	750	475	161·2
1979	*J*	..	123	7·5†	4·8	10·2	6·9	774	510	162·2
	F	..	150	10·5	5·8	10·9	7·6	742	367	167·0
	M	..	138	9·0	6·6†	9·5	7·8	723	443	168·8
	A	..	147	10·6	7·1	10·8	8·4	734	372	173·9
	M	..	179	11·3	6·2	11·2	8·2	763	453	179·4
	J	..	168	13·4	7·6	12·2†	8·7	729	402	181·5†
	J	..	196	12·4	7·3	10·2	8·5	733	442	186·4
	A	..	182	10·9	6·9	9·4	7·9	740	523	192·7
	S	..	171†	14·2	6·4	11·5	8·7	706	560	193·3
	O	..	169[3]	13·3	5·7	11·2	9·2	797	652	199·1
	N	..	152[3]	13·4	6·6	12·8	9·7	724	339	202·6
	D	..		12·6	9·5	12·7	10·5	707	501	204·3
1980	*J*	..						708	518	
	F	..								
	M	..								

[1] Mortgages with building societies by private owners. The index covers only dwellings on which building societies have approved mortgages during the period. The cost of land is included.
[2] From 1975 figures are based on a new monthly return covering 90 per cent of building society mortgages.
[3] Provisional.


£ million, 1975 prices, seasonally adjusted
1,200
1,100
1,000
900
800
700
600
500
400
Fixed investment in dwellings
Orders received by contractors for new houses (GB)
Housing completions
Percentage change, quarter on corresponding quarter of previous year, seasonally adjusted
40
30
20
10
0
—10
—20
—30
—40
Public sector (GB)
Private sector (GB)
Building societies
£ million, seasonally adjusted
3,000
2,000
1,000
0
New commitments
Net increase in shares and deposits
1974
1975
1976
1977
1978
1979

Stock changes

Seasonally adjusted

£ million, 1975 prices

	All industries	Manufacturing[1]				Distribution			Other industries
		Total	Materials and fuels	Work in progress	Finished goods	Total	Retail	Wholesale	
Value of stocks and work in progress end-December 1978[2]	37,261	20,084	7,107	7,474	5,503	8,496	3,825	4,671	8,681
1974 *3*	809	662	250	137	276	− 33	− 91	58	180
4	42	71	− 50	− 43	163	− 34	− 96	62	5
1975 *1*	−560	−258	−351	− 16	110	−207	−109	− 98	− 95
2	−394	−187	−136	− 40	− 12	−190	− 93	− 97	− 17
3	−346	−390	−295	− 62	− 33	− 2	51	− 53	46
4	−177	−285	−140	− 94	− 51	46	45	1	62
1976 *1*	−110	− 46	−100	31	21	68	48	20	−132
2	−107	− 70	− 73	32	− 29	− 8	− 11	3	− 29
3	261	163	72	84	7	176	106	70	− 78
4	392	304	15	118	171	114	76	38	− 26
1977 *1*	482	251	92	136	23	212	109	103	19
2	440	199	− 11	20	190	252	16	236	− 11
3	23	4	− 19	− 23	46	− 83	− 43	− 40	102
4	272	55	− 45	82	18	79	− 34	113	138
1978 *1*	390	112	6	63	43	79	45	34	199
2	229	137	− 13	76	74	97	145	− 48	− 5
3	346	169	4	125	40	99	78	21	78
4	164	129	5	172	− 48	74	96	− 22	− 39
1979 *1*	729	53	− 29	− 16	98	142	61	81	534
2	222	149	106	89	− 46	222	64	158	−149
3	254	185	48	1	137	22	96	− 74	47
4									

[1] Differences between totals and the sum of constituent parts of manufacturing are due to rounding.

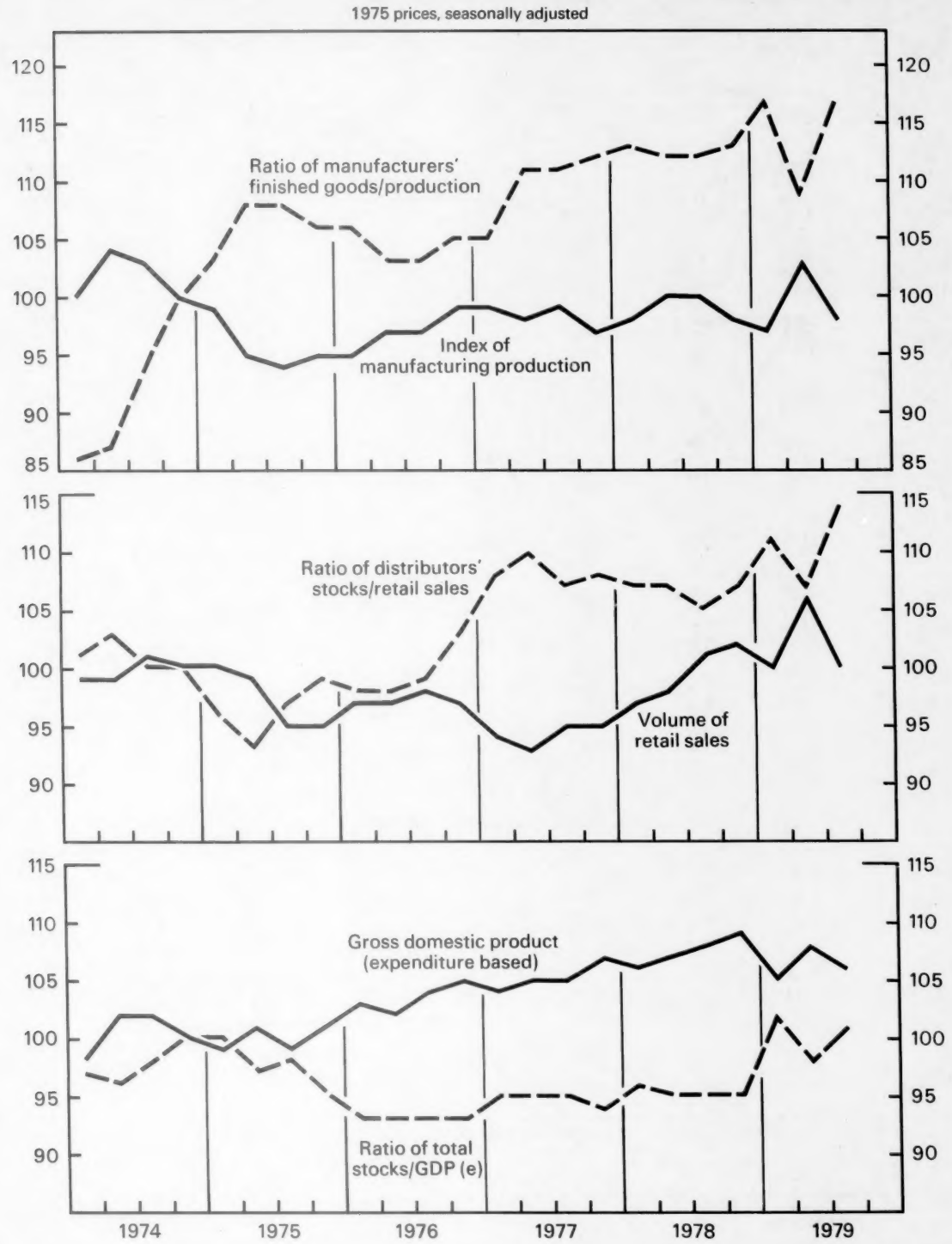
[2] Unadjusted 1975 price stock levels.

Stock ratios

Seasonally adjusted

1975 prices: stocks level, end-Dec. 1974=100; GDP (e), industrial production and retail sales, 4th quarter 1974=100

	Total stocks to gross domestic product (expenditure based)	Manufacturers' stocks to manufacturing production				Distributors' stocks to retail sales
		Total stocks	Materials and fuel	Work in progress	Finished goods	
1974 *3*	98	97	98	98	94	100
4	100	100	100	100	100	100
1975 *1*	100	100	96	101	103	96
2	97	103	99	105	108	93
3	98	102	96	105	108	97
4	95	100	94	102	106	99
1976 *1*	93	99	92	103	106	98
2	93	97	89	101	103	98
3	93	97	90	102	103	99
4	93	97	89	102	105	103
1977 *1*	95	98	89	103	105	108
2	95	101	91	105	111	110
3	95	100	90	105	111	107
4	94	101	90	107	112	108
1978 *1*	96	102	90	107	113	107
2	95	100	88	106	112	107
3	95	101	88	108	112	105
4	95	103	89	112	113	107
1979 *1*	102	105	90	113	117	111
2	98	100	86	108	109	107
3	101	105	91	113	117	114
4						

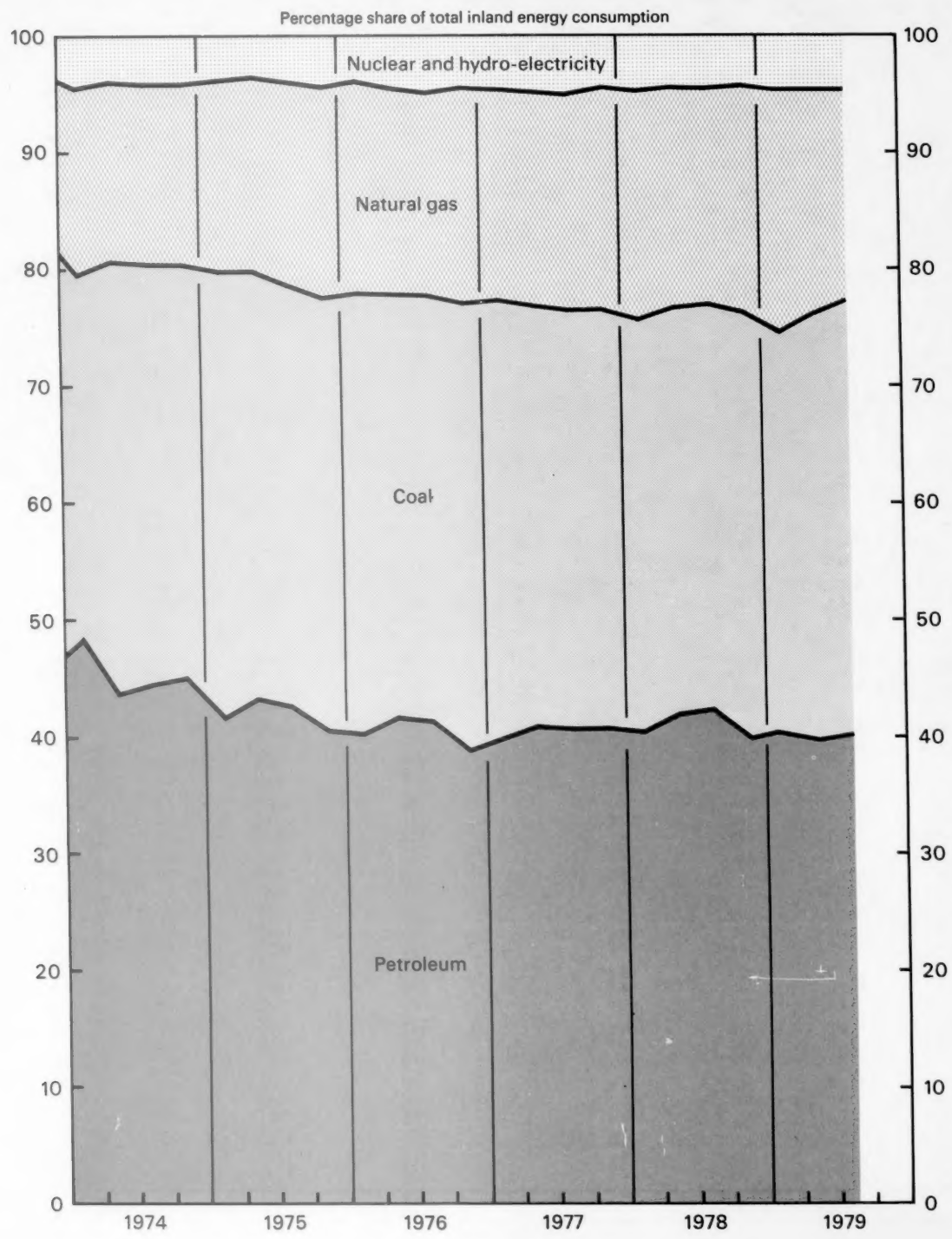

1975 prices, seasonally adjusted
120
115
110
105
100
95
90
85
Ratio of manufacturers' finished goods/production
Index of manufacturing production
Ratio of distributors' stocks/retail sales
Volume of retail sales
Gross domestic product (expenditure based)
Ratio of total stocks/GDP (e)
1974
1975
1976
1977
1978
1979

Inland energy consumption

Annual rates, seasonally adjusted and temperature corrected

	Primary fuel input[1]						Public supply	
	Million tonnes of coal or coal equivalent						Thousand million kilowatt hours	Thousand million therms
	Total	Coal[2]	Petroleum[3]	Natural gas[4]	Nuclear electricity[5]	Hydro electricity[5]	Electricity available(GB)[6]	Gas available(GB)[7]
1967	303·2	166·3	123·1	2·1	9·0	2·7	177·8	4·37
1968	312·9	166·7	129·2	4·8	10·2	2·0	193·6	4·88
1969	323·0	162·8	138·4	9·4	10·7	1·7	200·5	5·40
1970	336·3	156·8	149·8	17·8	9·5	2·4	211·6	6·30
1971	332·9	140·0	152·4	28·8	9·9	1·8	215·9	8·25
1972	337·4	121·8	162·2	41·0	10·6	1·8	224·1	10·82
1973	354·2	133·2	164·5	44·4	10·1	2·0	241·0	12·04
1974	337·9	117·7	153·1	52·9	12·1	2·1	235·5	13·53
1975	328·9	120·6	137·1	56·3	10·9	2·0	234·2	13·90
1976	331·5	123·0	134·2	59·5	12·9	1·9	236·7	14·41
1977	338·2	122·4	136·8	62·7	14·3	2·0	240·2	15·42
1978	339·1	119·4	139·2	65·0	13·4	2·1	246·3	15·85
1974 *3*	350·9	125·9	155·8	54·9	12·3	2·0	244·2	13·66
4	346·9	122·0	156·3	54·1	12·1	2·4	244·3	13·78
1975 *1*	331·1	127·2	136·8	54·2	10·8	2·1	236·2	13·73
2	331·4	121·2	143·0	55·2	10·4	1·6	237·3	13·71
3	326·4	116·9	139·2	57·4	10·8	2·1	234·7	13·97
4	318·9	117·2	129·2	58·5	12·0	2·0	228·5	14·17
1976 *1*	332·5	125·5	133·8	60·4	10·9	1·9	230·9	14·27
2	334·6	120·8	139·5	59·2	12·5	2·6	240·4	14·36
3	330·9	120·5	136·7	57·6	14·6	1·5	244·3	14·46
4	328·0	125·2	126·8	61·0	13·4	1·6	231·4	14·56
1977 *1*	336·9	126·3	134·0	61·1	13·9	1·6	237·9	14·95
2	337·7	121·1	137·7	62·0	14·5	2·4	242·9	15·32
3	340·5	121·6	138·1	63·4	15·7	1·7	248·3	15·58
4	337·5	120·4	137·3	64·3	13·1	2·4	231·9	15·81
1978 *1*	331·4	116·7	133·4	64·9	14·6	1·8	237·3	15·79
2	341·2	118·7	142·9	64·2	13·3	2·1	248·1	15·68
3	338·3	117·2	143·6	62·4	13·2	1·9	253·9	15·79
4	343·4	125·2	136·7	66·5	12·5	2·5	245·7	16·15
1979 *1*	345·8	121·4	139·4	68·9	14·5	1·6	252·6	16·42
2	351·6	127·1	141·4†	67·3†	13·3†	2·5†	257·6	16·58
3	348·9	128·6	140·6	63·7	13·2	2·8	257·7	16·65
4								
	Percentage change, quarter on corresponding quarter of previous year							
1976 *3*	*+ 1·4*	*+ 3·1*	*− 1·8*	*+ 0·3*	*+35·2*	*−28·6*	*+ 4·1*	*+ 3·5*
4	*+ 2·9*	*+ 6·8*	*− 1·9*	*+ 4·3*	*+11·7*	*−20·0*	*+ 1·3*	*+ 2·8*
1977 *1*	*+ 1·3*	*+ 0·6*	*—*	*+ 1·2*	*+27·5*	*−15·8*	*+ 3·0*	*+ 4·8*
2	*+ 0·9*	*+ 0·2*	*− 1·3*	*+ 4·7*	*+16·0*	*− 7·7*	*+ 1·0*	*+ 6·7*
3	*+ 2·9*	*+ 0·9*	*+ 1·0*	*+10·1*	*+ 7·5*	*+13·3*	*+ 1·6*	*+ 7·7*
4	*+ 2·9*	*− 3·8*	*+ 8·3*	*+ 5·4*	*− 2·2*	*+50·0*	*+ 0·2*	*+ 8·6*
1978 *1*	*− 1·6*	*− 7·6*	*− 0·5*	*+ 6·2*	*+ 5·0*	*+12·5*	*− 0·2*	*+ 5·6*
2	*+ 1·0*	*− 2·0*	*+ 3·8*	*+ 3·6*	*− 8·3*	*−12·5*	*+ 2·1*	*+ 2·3*
3	*− 0·7*	*− 3·6*	*+ 4·0*	*− 1·6*	*−15·9*	*+11·8*	*+ 2·3*	*+ 1·3*
4	*+ 1·7*	*+ 4·0*	*− 0·4*	*+ 3·4*	*− 4·6*	*+ 4·2*	*+ 6·0*	*+ 2·2*
1979 *1*	*+ 4·3*	*+ 4·0*	*+ 4·5*	*+ 6·2*	*− 0·7*	*−11·1*	*+ 6·4*	*+ 4·0*
2	*+ 3·0*	*+ 7·1*	*− 1·1†*	*+ 4·8†*	*—†*	*+19·0†*	*+ 3·8*	*+ 5·7*
3	*+ 3·1*	*+ 9·7*	*− 2·1*	*+ 2·1*	*—*	*+47·4*	*+ 1·5*	*+ 5·4*
4								

[1] Converted to metric tonnes. Temperature correction has been introduced for natural gas. Details are given in *Energy Trends*, May 1978.
[2] Consumption by fuel producers *plus* colliery disposals to final users *plus* net foreign trade and stock change in other solid fuels.
[3] Refinery throughput of crude oil *plus* net foreign trade and stock change in petroleum products *less* deliveries of non-energy products.
[4] Excluding gas flared or re-injected.
[5] Nuclear and hydro electricity are not temperature corrected.
[6] The inclusion of Northern Ireland would add about 2% to the total.
[7] The inclusion of Northern Ireland would add about 0·3% to the total.


Percentage share of total inland energy consumption
Nuclear and hydro-electricity
Natural gas
Coal
Petroleum
100
90
80
70
60
50
40
30
20
10
0
1974
1975
1976
1977
1978
1979

Index of industrial production

Seasonally adjusted

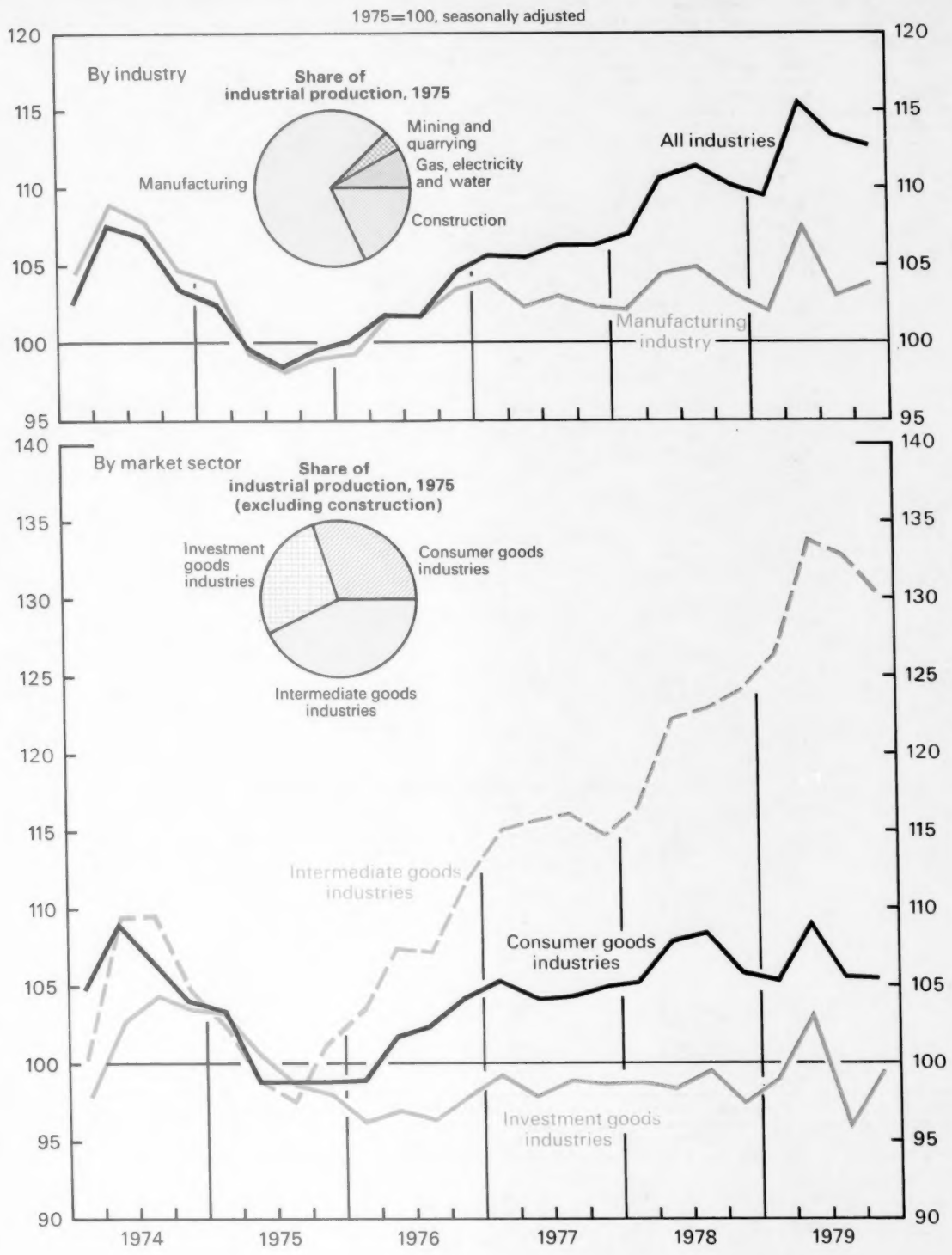
1975=100

		By industry				By market sector[1]		
	All industries covered §	Mining and quarrying	Manufacturing §	Construction[2]	Gas, electricity and water	Consumer goods industries	Investment goods industries	Intermediate goods industries
1975 weights	*1,000*	*41*	*697*	*182*	*80*	*243*	*218*	*349*
1969	99·6	123·9	97·6	113·5	80·9	89·4	95·7	102·9
1970	99·7	119·1	98·0	111·4	84·1	91·0	95·6	102·9
1971	99·8	119·1	97·4	113·3	87·3	93·3	93·7	102·1
1972	102·0	100·2	100·0	115·4	93·6	99·9	91·2	104·1
1973	109·5	110·1	108·3	118·2	99·3	108·0	99·0	112·6
1974	105·1	89·9	106·5	105·8	99·2	106·1	102·1	106·1
1975	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
1976	102·2	125·8	101·6	98·6	102·9	101·9	96·8	107·5
1977	106·0	187·7	103·0	98·4	107·1	104·7	98·6	115·3†
1978	109·9	232·5†	103·8†	105·5	110·2	106·9	98·5	121·4
1979	112·7†	294·2	104·2	103[3]†	117·1†	106·4†	99·3†	130·8
1974 *1*	102·7	59·2	104·6	109·9	92·0	104·9	97·8	100·3
2	107·5	98·3	109·0	108·1	98·7	108·9	102·7	109·5
3	106·8	102·4	107·9	105·2	103·1	106·6	104·3	109·5
4	103·5	99·7	104·7	100·2	102·9	104·1	103·6	104·9
1975 *1*	102·5	95·5	103·8	100·7	99·3	103·5	103·0	102·5
2	99·4	98·2	99·1	100·4	100·6	98·8	100·5	98·7
3	98·4	98·6	98·1	99·6	98·3	98·8	98·5	97·4
4	99·6	107·7	99·0	99·3	101·8	98·8	98·0	101·4
1976 *1*	100·3	110·1	99·3	100·2	103·5	98·9	96·2	103·6
2	101·9	120·0†	101·9	97·8	102·4	101·7	96·9	107·4
3	101·7	126·1	101·8	96·5	100·3	102·6	96·3	107·2
4	104·8	147·0	103·5	100·0	105·3	104·3	97·9	111·7
1977 *1*	105·8†	174·7	104·2†	96·3	106·3	105·3	99·1	115·1
2	105·5	190·1	102·4	96·9	108·5	104·1	97·8	115·7
3	106·3	190·3	103·1	99·0	107·8	104·3	98·8†	116·0†
4	106·2	195·5	102·4	101·3	105·7	104·9	98·6	114·5
1978 *1*	106·9	209·6	102·3	101·3	107·7	105·2	98·7	116·5
2	110·7	228·6	104·5	107·5	111·7	107·9	98·4	122·1
3	111·4	236·7	104·9	107·5	112·6	108·4	99·5	122·8
4	110·4	255·3	103·3	105·8	108·8†	106·1	97·4	124·0
1979 *1*	109·7	276·6	102·2	95·8	121·7	105·5	99·0	126·5
2	115·3	295·8	107·6	103·0	117·6	109·1†	103·2	133·7
3	113·3	308·5	103·1	107·1	115·3	105·6	95·7	132·8
4	112·7	295·9	103·8	105[3]†	113·7	105·4	99·3	130·3
1978 *A*	111·1	220	105·2	..	115	108	98	123
M	110·1	231	103·5	..	111	107	98	121
J	111·1	235	104·9	..	110	109	98	123
J	111·5	235	104·9	..	115	108	100	124
A	111·7	237	105·3	..	112	110	100	122
S	111·0	237	104·5	..	111	108	99	122
O	109·4	242	102·7	..	108	105	97	122
N	110·1	260	103·0	..	105†	106	97	124
D	111·8	264	104·2	..	114	107	99	126
1979 *J*	103·9†	280†	93·7†	..	121	100	92	118
F	112·0	284	104·9	..	122	106	102	131†
M	113·3	266	107·9	..	122	110	103	131
A	113·8	278	106·5	..	117	107†	103	131
M	114·9	299	106·7	..	120	109	103†	133
J	117·2	310	109·7	..	116	111	103	138
J	116·4	312	107·4	..	116	108	101	136
A	112·0	304	101·6	..	116	105	94	131
S	111·3	310	100·4	..	114	104	92	131
O	112·2	302	103·0	..	111	104	97	131
N	114·0	292	105·4	..	119	107	101	132
D	111·9	294	103·1	..	112	105	99	128

[1] All industries other than construction.

[2] For an index of construction output for Great Britain, incorporating the latest available information see page 30.

[3] Preliminary estimate.


1975=100, seasonally adjusted
By industry
Share of industrial production, 1975
Mining and quarrying
Gas, electricity and water
Manufacturing
Construction
All industries
Manufacturing industry
By market sector
Share of industrial production, 1975 (excluding construction)
Investment goods industries
Consumer goods industries
Intermediate goods industries
Intermediate goods industries
Consumer goods industries
Investment goods industries
120
115
110
105
100
95
140
135
130
125
120
115
110
105
100
95
90
1974
1975
1976
1977
1978
1979

Index numbers of output

Seasonally adjusted

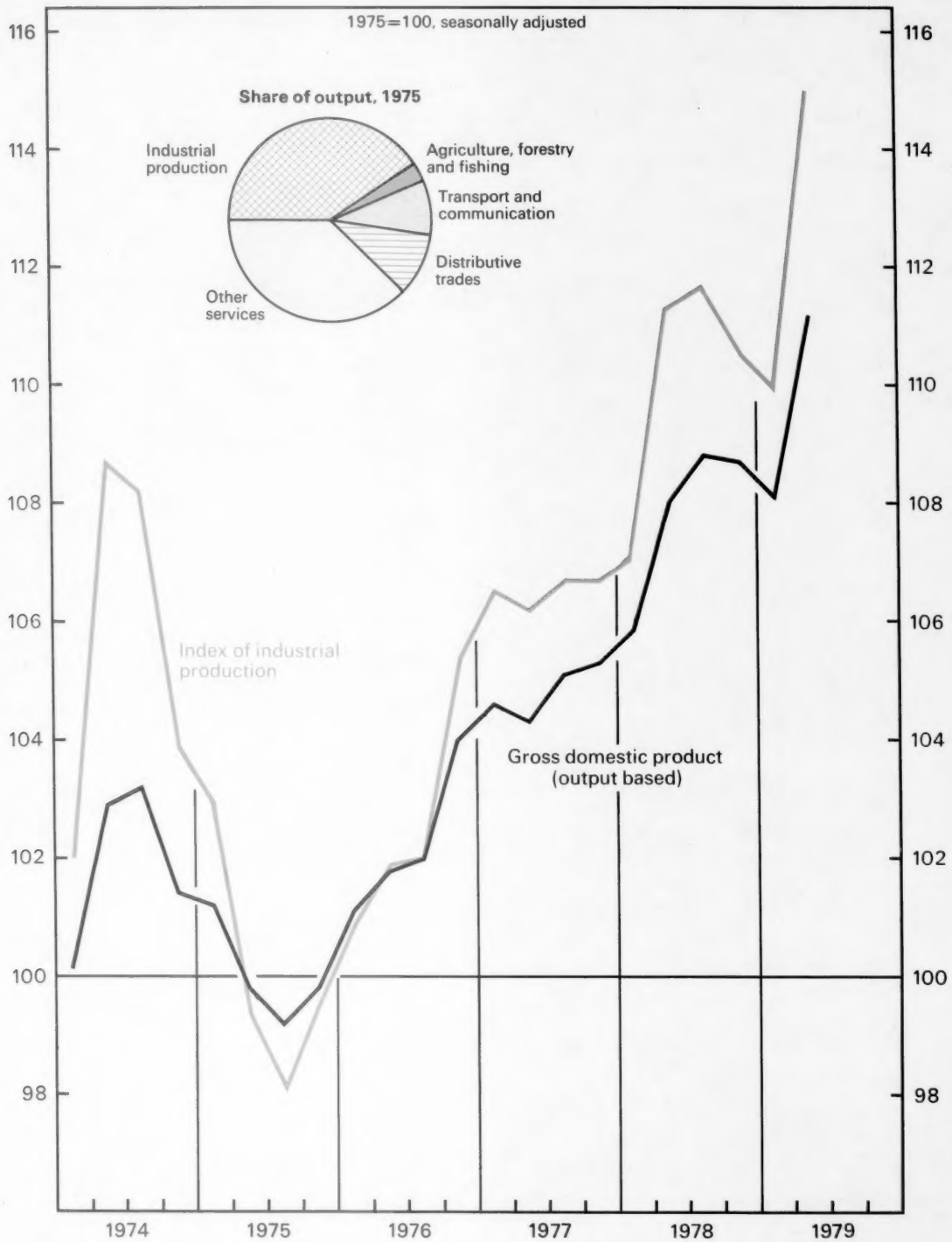
1975=100

	Gross domestic product (based on output data)[1,2] §	Agriculture, forestry and fishing	Industrial production[1] §	Transport and communication	Distributive trades	Other services
1975 weights	*1,000*	*28*	*407*	*88*	*101*	*376*
1968	90·2	91	97·0	80	92	85
1969	92·0	91	99·6	83	93	86
1970	93·6	96	99·7	86	95	88
1971	94·9	101	99·5	89	96	91
1972	97·9	105	101·5	93	101	94
1973	103·7	108	109·8	100	107	97
1974	102·0	110	105·8	101	103	97
1975	100·0	100	100·0	100	100	100
1976	102·1	93	102·5	99	101	104
1977	104·6	106	106·5	102	99	105
1978	107·7	113	110·1	105	103	106
1974 *1*	100·2	111	102·1	99	104	97
2	103·0	112	108·8	101	102	97
3	103·3	111	108·3	101	104	97
4	101·4	107	103·9	101	103	98
1975 *1*	101·2	103	102·8	101	103	99
2	99·8	101	99·5	100	101	100
3	99·3	99	98·2	100	98	101
4	99·7	97	99·5	98	98	101
1976 *1*	101·0	94	100·7	98	101	103
2	101·7	90	101·9	98	101	104
3	102·0	91	101·9	99	101	104
4	103·9	96	105·5	101	101	104
1977 *1*	104·4	102	106·5	103	99	104
2	104·1	105	106·2	101	97	104
3	104·8	108	106·5	102	99	105
4	105·1	109	106·8	103	99	105
1978 *1*	105·7	111	107·0	103	101	106
2	107·9	114	111·2	105	103	106
3	108·6	115	111·7	105	105	107
4	108·5	113	110·7	107	105	107
1979 *1*	107·3	111	109·8	104	104	106
2	111·4	110	115·7	111	109	108
3	109·3	110	113·4	110	104	106
	Percentage change, quarter on corresponding quarter of previous year					
1976 *1*	*− 0·3*	*− 9·4*	*− 2·1*	*− 3·6*	*− 2·5*	*+ 4·0*
2	*+ 1·9*	*−10·8*	*+ 2·4*	*− 1·9*	*− 0·4*	*+ 3·9*
3	*+ 2·7*	*− 7·5*	*+ 3·7*	*− 1·1*	*+ 3·3*	*+ 3·1*
4	*+ 4·2*	*+ 1·0*	*+ 6·1*	*+ 3·1*	*+ 3·0*	*+ 3·1*
1977 *1*	*+ 3·4*	*+ 8·8*	*+ 5·8*	*+ 5·8*	*− 1·2*	*+ 1·3*
2	*+ 2·3*	*+16·6*	*+ 4·3*	*+ 3·1*	*− 3·2*	*+ 0·5*
3	*+ 2·8*	*+18·2*	*+ 4·5*	*+ 3·0*	*− 1·8*	*+ 1·0*
4	*+ 1·2*	*+13·2*	*+ 1·3*	*+ 1·2*	*− 1·4*	*+ 0·9*
1978 *1*	*+ 1·2*	*+ 9·3*	*+ 0·4*	*+ 0·2*	*+ 1·7*	*+ 1·6*
2	*+ 3·7*	*+ 8·6*	*+ 4·7*	*+ 4·0*	*+ 5·4*	*+ 1·8*
3	*+ 3·6*	*+ 6·3*	*+ 4·9*	*+ 2·9*	*+ 5·5*	*+ 1·8*
4	*+ 3·2*	*+ 3·6*	*+ 3·6*	*+ 4·4*	*+ 6·0*	*+ 1·7*
1979 *1*	*+ 1·5*	*− 0·3*	*+ 2·7*	*+ 0·2*	*+ 3·0*	*+ 0·4*
2	*+ 3·2*	*− 3·8*	*+ 4·0*	*+ 5·1*	*+ 6·6*	*+ 1·6*
3	*+ 0·6*	*− 4·1*	*+ 1·5*	*+ 4·0*	*− 0·8*	*− 0·5*

[1] As from 1970 the figures are adjusted to allow for the use of delivery rather than production indicators to represent output in certain industries within manufacturing. An analysis of industrial production is given on page 26, but will differ from the series shown here because the adjustment included is not available monthly. There may also be differences because page 26 includes the latest information.

[2] Total output other than exploration for, and extraction of, petroleum and natural gas (MLH 104) is as follows:

1976	*1* 100·7	1977	*1* 103·1	1978	*1* 103·7	1979	*1* 104·2
	2 101·3		*2* 102·4		*2* 105·6		*2* 108·0
	3 101·4		*3* 103·1		*3* 106·2		*3* 105·7
	4 103·0		*4* 103·4		*4* 105·8		

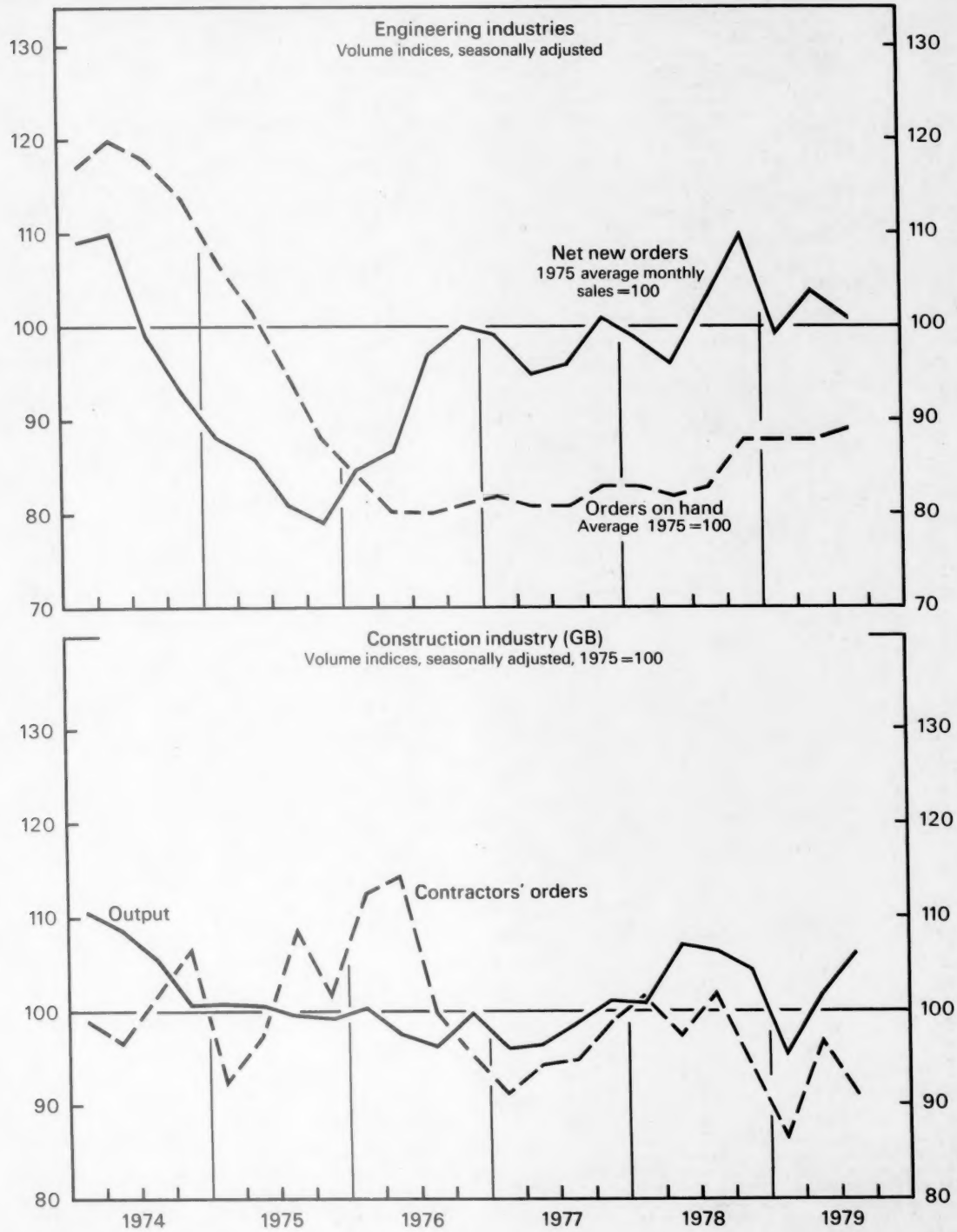

1975=100, seasonally adjusted
Share of output, 1975
Industrial production
Agriculture, forestry and fishing
Transport and communication
Distributive trades
Other services
Index of industrial production
Gross domestic product (output based)
116
114
112
110
108
106
104
102
100
98
1974
1975
1976
1977
1978
1979

Engineering and construction: output and orders

Seasonally adjusted volume index numbers

	Engineering industries[1]							Construction (GB)	
	Total			Home market		Export			
	Sales	Orders on hand end of period	New orders[2]	Orders on hand end of period	New orders[2]	Orders on hand end of period	New orders[2]	Output[3, 4]	Orders received
	1975 average monthly sales=100	Average 1975=100	1975 average monthly sales=100	Average 1975=100	1975 average monthly sales=100	Average 1975=100	1975 average monthly sales=100	1975=100	1975=100
1968	..	..	..	..	..	..	..	117·9	142·4
1969	..	..	..	..	..	..	..	117·4	133·7
1970	..	..	..	..	..	..	..	115·2	131·1
1971	..	..	..	..	..	..	..	116·2	139·2
1972	..	..	..	..	..	..	..	117·4	146·3
1973	99	113	116	120	121	100	105	118·1	141·4
1974	102	114	103	115	102	112	106	106·0	101·1
1975	100	88	84	87	83	90	84	100·0	100·0
1976	97	81	92	74	87	94	104	98·5	105·5
1977	97	83	98	75	93	98	108†	98·1	94·7
1978[5]	99	88	102	83	101†	98	106	104·8	98·8
1974 *3*	104	118	99	120	102	115	93	105·4	101·8
4	104	114	93	115	94	112	92	100·3	106·8
1975 *1*	105	107	88	108	89	106	85	100·7	92·5
2	100	102	86	102	85	102	88	100·4	97·1
3	98	95	81	94	80	96	84	99·6	108·8
4	97	88	79	87	79	90	80	99·3	101·6
1976 *1*	96	84	85	83	83	86	89	100·3	112·6
2	98	80	87	79	86	82	90	97·6	114·5
3	97	80	97	76	90	87	114	96·3	99·7
4	97	81	100	74	90	94	123	99·9	95·2
1977 *1*	98	82	99	74	95	96	108	96·0	91·0
2	97	81	95	73	89	98	110	96·5	94·3
3	97	81	96	73	92	96	106	98·7	94·8
4	96	83	101	75	97	98	110	101·0	98·7
1978[5] *1*	99†	83	99	75	95	98†	108†	100·9	101·6
2	98	82	96	75	95	96	99	107·1	97·5
3	100	83	103	75	99†	99	112	106·5	102·0
4	98	88	110	83	113	98	103	104·6	94·2
1979 *1*	97	89†	98†	82	92†	102	112	95·3	86·0†
2	105†	88	104†	83†	103	99†	105	101·8	96·0
3	97	89	100	85	101	98	98	106·2[5]	88·7
4									
1978[5] *A*	96	82†	94	75	93†	97†	95†	..	94·1
M	99	83	102†	75	100	98	108	..	102·5
J	98	82	93	75	93	96	95	..	95·9
J	98	82	100	76	101	96	96	..	93·7
A	100	83	101	76	98	95	109	..	108·2
S	102	83	108	75	98	99	131	..	104·1
O	96	83	97	76	98	98	95	..	103·9
N	97	87	124	82	133	98	103	..	88·3
D	102	88	110	83	109	98	112	..	90·4
1979[5] *J*	84	90	95	84†	92	101†	104	..	79·4†
F	102	89	98	83	93	101	108		99·5
M	106†	89	102	82	92	102	126		79·2
A	102	89	105	82	101	102	116	..	89·6
M	103	89	101	83	107	100	89	..	103·1
J	110	88	104	83	103	99†	109	..	95·3
J	101	88	100	84	109	96	81	..	94·3
A	96	89	104	85	100	97	113	..	91·8
S	94	89	96	85	94	98	101	..	80·1
O	94	90	98	85	94	99	107	..	92·9[5]
N	106	90	110	86	107	99	118	..	87·2[5]
D								..	

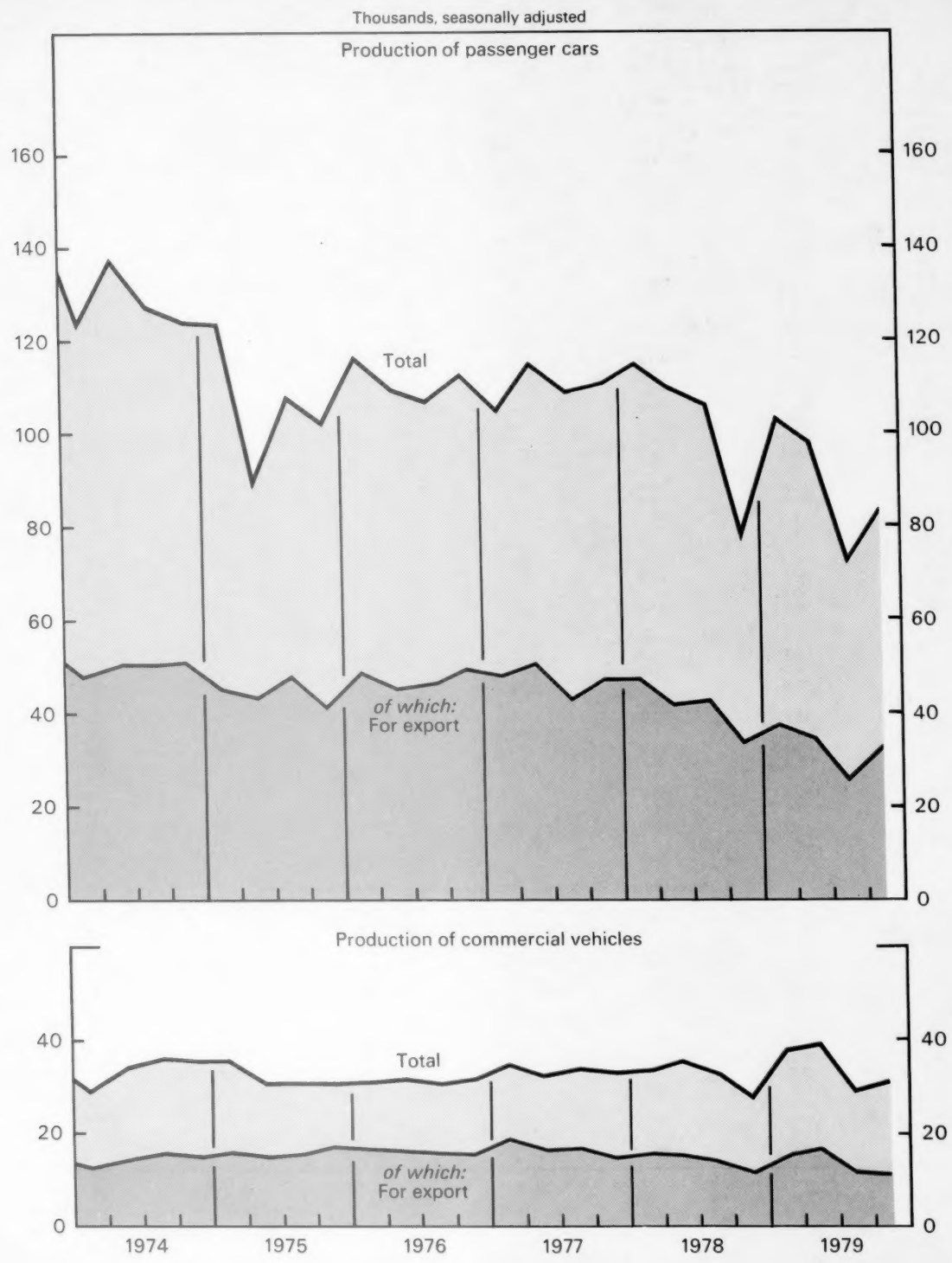
[1] Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX).
[2] Net of cancellations.
[3] This index is based on an output series which includes repair and maintenance estimates of unrecorded output by small firms and self-employed workers and output by the direct labour departments of the public sector.
[4] Details of the method of deflation to constant prices are given in *Economic Trends*, No. 297, July 1978.
[5] Provisional.


Engineering industries
Volume indices, seasonally adjusted
130
120
110
100
90
80
70
Net new orders
1975 average monthly sales =100
Orders on hand
Average 1975 =100
Construction industry (GB)
Volume indices, seasonally adjusted, 1975 =100
Output
Contractors' orders
1974
1975
1976
1977
1978
1979

Motor vehicle production and steel production and consumption

	Seasonally adjusted							
	Thousands[1]						Thousand tonnes	
	Passenger cars§			Commercial vehicles§				
	Total	*Percentage change on year earlier*	*of which:* For export	Total	*Percentage change on year earlier*	*of which:* For export	Crude steel production[2,3]	Finished steel consumption
1969	143·1	*− 5·4*	68·7	38·8	*+13·8*	16·1	26,822	17,782
1970	136·7	*− 4·4*	60·2	38·1	*− 1·8*	15·8	27,792[4]	17,637[4]
1971	145·2	*+ 6·2*	59·5	38·0	*− 0·3*	15·7	24,153	16,722
1972	160·1	*+10·3*	51·1	34·0	*−10·5*	11·3	25,293	16,750
1973	145·6	*− 9·1*	50·4	34·7	*+ 2·1*	13·3	26,594	18,445
1974	127·8	*−12·2*	49·7	33·5	*− 3·4*	14·2	22,323	17,548
1975	105·6	*−17·4*	44·3	31·7	*− 5·4*	15·5	19,789[4]	15,446[4]
1976	111·1	*+ 5·2*	47·1	31·0	*− 2·3*	15·8	22,274	15,804
1977	109·7	*− 1·3*	46·9	33·2	*+ 7·0*	16·4	20,411	15,300
1978	101·9	*− 7·1*	41·2	32·0	*− 3·5*	14·1	20,311	15,593
1979	89·2	*−12·5*	32·7	34·0	*+ 6·1*	13·5		
1974 *3*	127·1	*−12·3*	50·1	35·7	*− 0·3*	15·6	5,763	4,252
4	124·1	*−14·7*	50·6	35·4	*+ 3·9*	14·9	5,599	4,379
1975 *1*	123·2	*− 0·1*	44·9	35·6	*+22·1*	15·7	6,102	4,267
2	89·3	*−34·8*	43·5	30·5	*−10·1*	14·6	4,661	3,695
3	107·9	*−15·0*	47·8	30·4	*−14·9*	15·2	4,231[5]	3,715[5]
4	102·1	*−17·7*	41·2	30·4	*−14·1*	16·7	4,719	3,769
1976 *1*	116·1	*− 5·8*	48·2	30·6	*−14·2*	16·1	5,480	4,076
2	109·6	*+22·7*	44·9	31·4	*+ 3·1*	16·0	5,731	3,887
3	106·8	*− 1·1*	45·9	30·3	*− 0·2*	15·6	5,375	3,785
4	112·1	*+ 9·8*	49·4	31·7	*+ 4·3*	15·5	5,650	4,056
1977 *1*	104·6	*− 9·9*	47·8	34·6	*+13·1*	18·3	5,417	3,744
2	114·8	*+ 4·8*	50·1	32·1	*+ 2·2*	16·1	4,908	3,758
3	108·9	*+ 2·0*	42·8	33·6	*+10·9*	16·5	5,419	3,974
4	110·3	*− 1·5*	46·9	32·4	*+ 2·3*	14·7	4,641	3,824
1978 *1*	114·9	*+ 9·8*	46·9	33·2	*− 4·0*	15·7	4,957	4,202
2	109·4	*− 4·7*	41·9	35·0	*+ 8·9*	15·2	5,278	3,949
3	105·7	*− 2·9*	42·2	32·3	*− 4·0*	13·9	4,757	3,910
4	77·6	*−29·7*	33·9	27·7	*−14·5*	11·6	5,245	3,522
1979 *1*	102·7†	*−10·6†*	37·6†	37·7†	*+13·5†*	15·2†	4,954	3,662
2	98·1	*−10·4*	34·9	39·0	*+11·4*	16·3	5,721	3,920
3	72·2	*−31·7*	26·0	28·9	*−10·5*	11·7	5,485	3,750[7]
4	83·8	*+ 8·0*	32·4	30·5	*+ 9·9*	11·0	5,200	..
1978 *J*	95·6	*−12·8*	37·1	33·5	*+ 1·6*	14·4	1,701	..
A	114·8	*+13·8*	50·2	31·3	*− 9·0*	14·0	1,442[6]	..
S	106·8	*− 8·0*	39·4	32·1	*− 4·3*	13·2	1,614	..
O	83·3	*−22·6*	37·0	26·2	*−22·7*	10·8	1,614	..
N	54·8	*−48·6*	26·8	24·4	*−20·4*	11·6	2,072[6]	..
D	94·7	*−18·8*	37·8	32·5	*− 0·6*	12·3	1,559	..
1979 *J*	92·8†	*−16·7†*	34·8†	34·6†	*+ 3·8†*	12·4†	1,598[6]	..
F	104·6	*− 6·7*	39·5	37·9	*+23·2*	15·8	1,634	..
M	110·8	*− 8·6*	38·4	40·5	*+14·3*	17·3	1,722	..
A	101·9	*−12·7*	36·4	41·9	*+16·3*	18·7	1,776	..
M	90·8	*−12·6*	32·7	36·9	*+ 6·8*	15·4	2,148[6]	..
J	101·5	*− 5·6*	35·7	38·1	*+10·9*	15·0	1,797	..
J	99·6	*+ 4·1*	34·1	39·6	*+18·1*	14·5	1,804	..
A	56·9	*−50·4*	23·2	22·9	*−26·8*	10·2	1,871[6]	..
S	60·2	*−43·6*	20·5	24·3	*−24·4*	10·3	1,810	..
O	76·5	*− 8·3*	25·4	26·5	*+ 0·9*	10·1	2,098[6]†	..
N	84·6	*+54·3*	36·2	32·4	*+32·5*	11·6	1,644	..
D	90·3	*− 4·6*	35·7	32·6	*+ 0·2*	11·3	1,458	..

[1] Monthly averages or standardised calendar months.
[2] The totals are for 'usable steel' in accordance with the system used by the EEC and the International Iron and Steel Institute.
[3] The seasonally adjusted quarterly figures are not constrained to sum to the annual totals.
[4] 53-week period; reduced to 52-week basis for comparison purposes.
[5] 14-week period; reduced to 13-week basis for comparison purposes.
[6] Five-week periods.
[7] Provisional.


Thousands, seasonally adjusted
Production of passenger cars
160
140
120
100
80
60
40
20
0
Total
of which:
For export
Production of commercial vehicles
40
20
0
Total
of which:
For export
1974
1975
1976
1977
1978
1979

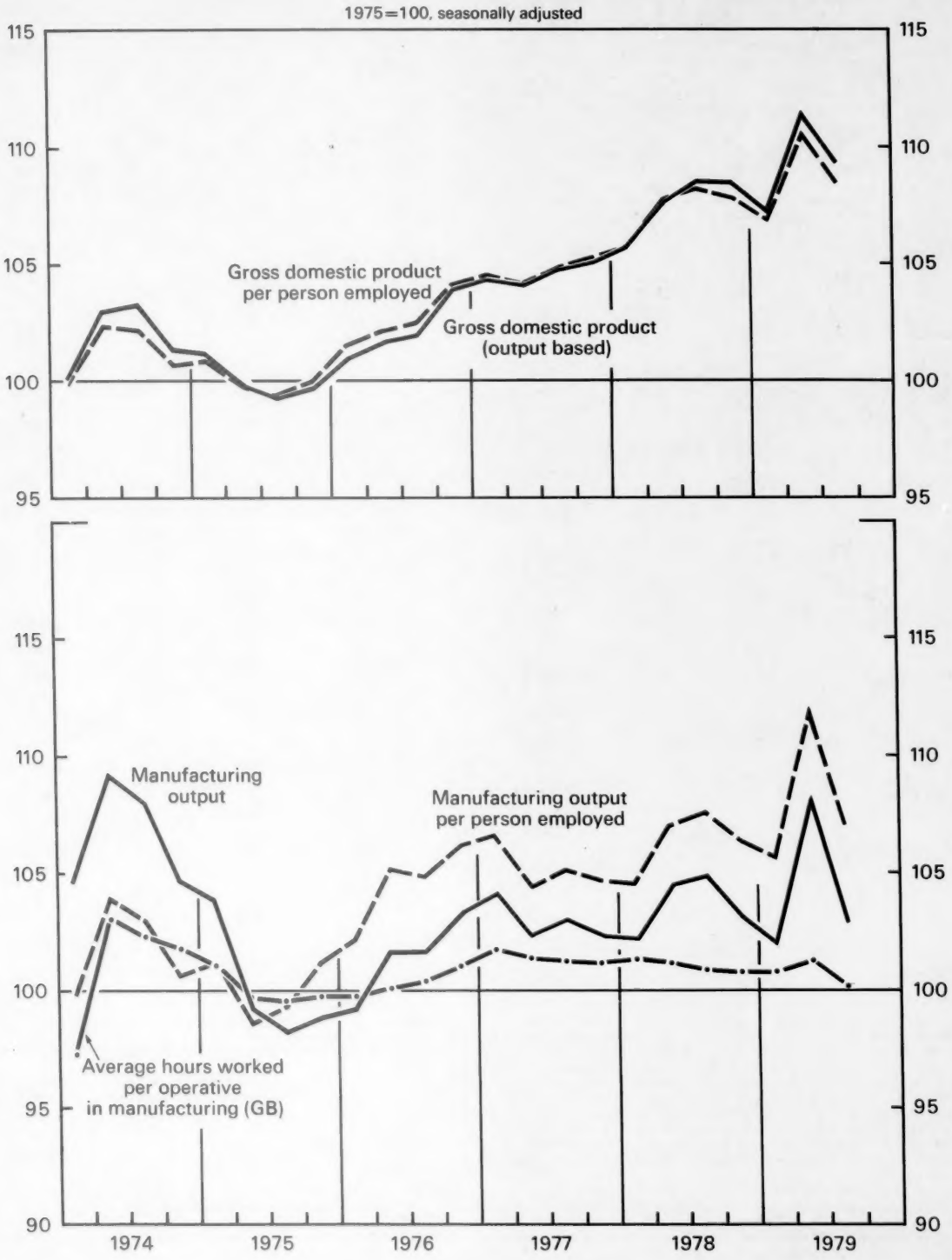
Output per person employed

Seasonally adjusted

1975 = 100

		Total employed labour force	Employment: index of production industries	Employment: Manufacturing industries	Output per person employed[1]: Whole economy	Output per person employed[1]: Index of production industries	Output per person employed[1]: Manufacturing industries
1968		99·8	111·1	109·9	90·4†	87·3†	85·6†
1969		99·7	110·8	111·3	92·3	89·9	87·7
1970		99·4	109·3	111·0	94·2	91·2	88·3
1971		97·6	106·1	107·4	97·2	94·1	90·7
1972		98·3	103·4	103·9	99·6	98·6	96·2
1973		100·4	104·7	104·5	103·3	104·6	103·6
1974		100·7	104·4	104·7	101·3	100·7	101·7
1975		100·0	100·0	100·0	100·0	100·0	100·0
1976		99·5	97·5†	96·9†	102·6	104·8†	104·9
1977[2]		99·7†	97·4	97·6	104·9†	108·8	105·5†
1978		100·1	97·0	96·7	107·6	113·3	107·2
1973	*3*	100·4	104·8	104·6	103·5†	105·0	104·3
	4	100·5	104·9	104·9	103·1	104·0	104·1
1974	*1*	100·3	104·6	104·8	99·9	98·2	99·8
	2	100·6	104·5	105·0	102·4	102·9	103·8
	3	101·0	104·1	104·9	102·3	102·6	102·9
	4	100·7	104·2	104·1	100·7	99·3	100·6
1975	*1*	100·3	101·9	102·7	100·9	100·7	101·1
	2	100·1	100·4	100·7	99·7	99·0	98·4†
	3	99·9	99·4	98·9	99·4	99·0	99·2
	4	99·7	98·4	97·7	100·0	101·2	101·3
1976	*1*	99·4	97·9	97·0	101·6	102·5†	102·4
	2	99·5	97·5	96·7	102·2	104·5	105·4
	3	99·5	97·3†	96·8†	102·5	104·5	105·2
	4	99·6†	97·4	97·0	104·3†	107·6	106·7
1977	*1*	99·7	97·5	97·1	104·7	108·6	107·4†
	2	99·7	97·6	97·3	104·4	108·1	105·2
	3[2]	99·7	97·4	97·3	105·1	109·1†	106·0
	4	99·6	97·1	98·7	105·5	109·4	103·7
1978	*1*	99·8	97·2	97·0	105·9	110·0	105·5
	2	99·9	97·2	96·9	108·0	113·9	107·8
	3	100·1	96·9	96·7	108·5	115·0	108·5
	4	100·4	96·6	96·2	108·1	114·3	107·4
1979	*1*	100·3	96·5	95·9	107·0	113·6	106·5
	2	100·5	96·6	95·8	110·8	119·4	112·4
	3	100·5	96·4	95·5	108·8	117·3	108·0
	4						
		Percentage change, quarter on corresponding quarter of previous year					
1976	*3*	*−0·4*	*−2·1†*	*−2·1†*	*+3·1*	*+5·6†*	*+6·0†*
	4	*−0·1†*	*−1·0*	*−0·7*	*+4·3†*	*+6·3*	*+5·3*
1977	*1*	*+0·3*	*−0·4*	*+0·1*	*+3·1*	*+6·0*	*+4·9†*
	2	*+0·2†*	*+0·1*	*+0·6*	*+2·2*	*+3·4*	*−0·2*
	3[2]	*+0·2*	*+0·1*	*+0·5*	*+2·5*	*+4·4†*	*+0·8*
	4	*—*	*−0·3*	*+1·8*	*+1·2*	*+1·7*	*−2·8*
1978	*1*	*+0·1*	*−0·3*	*−0·1*	*+1·1*	*+1·3*	*−1·8*
	2	*+0·2*	*−0·4*	*−0·4*	*+3·4*	*+5·4*	*+2·5*
	3	*+0·4*	*−0·5*	*−0·6*	*+3·2*	*+5·4*	*+2·4*
	4	*+0·8*	*−0·5*	*−2·5*	*+2·5*	*+4·5*	*+3·6*
1979	*1*	*+0·5*	*−0·7*	*−1·1*	*+1·0*	*+3·3*	*+0·9*
	2	*+0·6*	*−0·6*	*−1·1*	*+2·6*	*+4·8*	*+4·3*
	3	*+0·4*	*−0·5*	*−1·2*	*+0·3*	*+2·0*	*−0·5*

[1] The ratios do not take into account part-time working or hours of work.
[2] Figures after June 1977 are provisional.


1975=100, seasonally adjusted
115
110
105
100
95
Gross domestic product
per person employed
Gross domestic product
(output based)
Manufacturing
output
Manufacturing output
per person employed
Average hours worked
per operative
in manufacturing (GB)
90
1974
1975
1976
1977
1978
1979

National employment and unemployment[1]

		Seasonally adjusted								Unadjusted
		United Kingdom						Great Britain Manufacturing industry		United Kingdom
		Thousands			Unemployed excluding school leavers		Thousands	1975 = 100	1975 = 100	Thousands
		Working population[2]	Employed labour force[2]	Employees in employment[2,3,4]	Thousands[4,5]	Percentage of employees[6]	Vacancies notified to employment offices§	Employees in employment[2,3]	Average hours worked per operative[7]	Total unemployed including school leavers
1970		25,344	24,739	22,465	602·0	*2·6*	188·3	111·3	104·5	612·2
1971		25,166	24,390	22,113	775·8	*3·4*	130·9	107·5	102·6	792·1
1972		25,244	24,386	22,116	854·9	*3·7*	147·3	103·8	102·1	875·6
1973		25,601	24,971	22,663	611·0	*2·6*	307·0	104·5	103·9	618·8
1974		25,653	25,060	22,790	599·7[8]	*2·6*[8]	301·6[8]	105·0	101·1	614·9[8]
1975		25,847	24,935	22,713	929·1	*3·9*	148·1[8]	100·0	100·0	977·6
1976		26,133	24,764	22,542	1,269·3[8]	*5·3*	119·7	96·7	100·3	1,358·8[8]
1977		26,307†	24,825†	22,612†	1,378·0	*5·7*	155·8[8]	97·4†	101·3	1,483·6
1978		26,345	24,873	22,669	1,376·5	*5·7*	210·4[8]	96·8	101·1	1,475·0
1979									100·8	1,390·5
1975	*1*	25,762	24,966	22,733	735·2	*3·1*	..[9]	102·2	101·1	788·7
	2	25,847	24,935	22,713	858·5	*3·6*	163·0	100·0	99·6	853·8
	3	25,975	24,884	22,658	994·6	*4·2*	133·8	98·4	99·5	1,095·5
	4	26,034	24,822	22,597	1,128·2	*4·8*	115·5	97·4	99·7	1,172·3
1976	*1*	26,055	24,763	22,540	1,222·7	*5·1*	114·0	96·7	99·7	1,297·5
	2	26,133	24,764	22,542	1,269·3	*5·3*	115·7	96·7	100·0	1,294·9
	3	26,158†	24,769†	22,545†	1,290·6	*5·4*	126·2	96·8†	100·4	1,473·7
	4	26,193	24,801	22,581	..[10]	..[10]	..[10]	97·0	101·0	..[10]
1977	*1*	26,221	24,822	22,606	1,333·3	*5·5*	..[10]	97·2	101·7	1,417·8
	2	26,307	24,825	22,612	1,353·4	*5·6*	154·3	97·4	101·3	1,394·7
	3	26,364	24,832	22,618	1,403·1	*5·8*	153·7	97·2[7]	101·2	1,622·4
	4	26,313	24,805	22,595	1,422·2	*5·9*	163·6	96·9	101·1	1,499·4
1978	*1*	26,345	24,861	22,654	1,415·7	*5·9*	185·9	97·0	101·3	1,506·1
	2	26,345	24,873	22,669	1,388·6	*5·7*	206·3	96·8	101·1	1,428·2
	3	26,357	24,920	22,714	1,367·9	*5·7*	215·2	96·5	100·9	1,570·6
	4	26,390	24,996	22,793	1,333·7	*5·5*	234·2	96·1	100·8	1,395·3
1979	*1*	26,397	24,970	22,769	1,356·7	*5·6*	232·6	95·8	100·8	1,436·5
	2	26,392	25,024	22,824	1,304·2	*5·4*	255·0	95·7	101·3	1,327·9
	3	26,340	25,027	22,822	1,269·1	*5·3*	247·2	95·1	100·2	1,438·0
	4				1,286·2	*5·3*	231·8		100·7	1,359·4
1978	*O*	..	..	..	1,349·9	*5·6*	231·8	96·2†	100·9	1,429·5
	N	..	..	..	1,331·7	*5·5*	234·9	96·1	100·8	1,392·0
	D	..	..	..	1,319·6	*5·5*	235·9	96·1	100·8	1,364·3
1979	*J*	..	..	..	1,342·1	*5·5*	235·7	96·0	100·3	1,455·3
	F	..	..	..	1,366·5	*5·6*	228·9	95·8	100·9	1,451·9
	M	..	..	..	1,361·5	*5·6*	233·1	95·8	101·3	1,402·3
	A	..	..	..	1,327·4	*5·5*	245·3	95·8	101·5	1,340·6
	M	..	..	..	1,306·4	*5·4*	257·3	95·8	101·0	1,299·3
	J	..	..	..	1,278·7	*5·3*	262·4	95·7	101·3	1,343·9
	J	..	..	..	1,278·7	*5·3*	253·0	95·7	101·1	1,464·0
	A	..	..	..	1,264·7	*5·2*	245·6	95·4	99·9	1,455·5
	S	..	..	..	1,263·9	*5·2*	243·1	95·1	99·6	1,394·5
	O	..	..	..	1,282·0	*5·3*	237·4	94·6	100·3	1,367·6
	N	..	..	..	1,282·1	*5·3*	234·3	94·3	100·9	1,355·2
	D	..	..	..	1,294·5	*5·3*	219·8		100·9	1,355·5
1980	*J*	..	..	..	1,338·6	*5·5*	206·6			1,470·6
	F	..	..	..						
	M	..	..	..						

[1] Unemployment figures do not include adult students registered for temporary employment during a current vacation.

[2] The working population consists of the employed labour force and the unemployed (including school-leavers); the employed labour force includes employers, self-employed and HM Forces as well as employees in employment.

[3] From 1971, the employees in employment estimates are based on annual census of employment. For the years before 1971 estimates are taken from the continuous employment series published in the October 1975 issue of the *Department of Employment Gazette*. Annual estimates relate to mid-year. From September 1977 the employees in employment figures for the UK are provisional until the publication of the results of the Census of Employment for June 1978. A constant component for Northern Ireland is included from June 1979.

[4] The seasonally adjusted series have been calculated as described in *Employment Gazette*, May 1979.

[5] From October 1979, figures have been adjusted for the effects of fortnightly payment of benefit as described on page 1151 of *Employment Gazette*, November 1979.

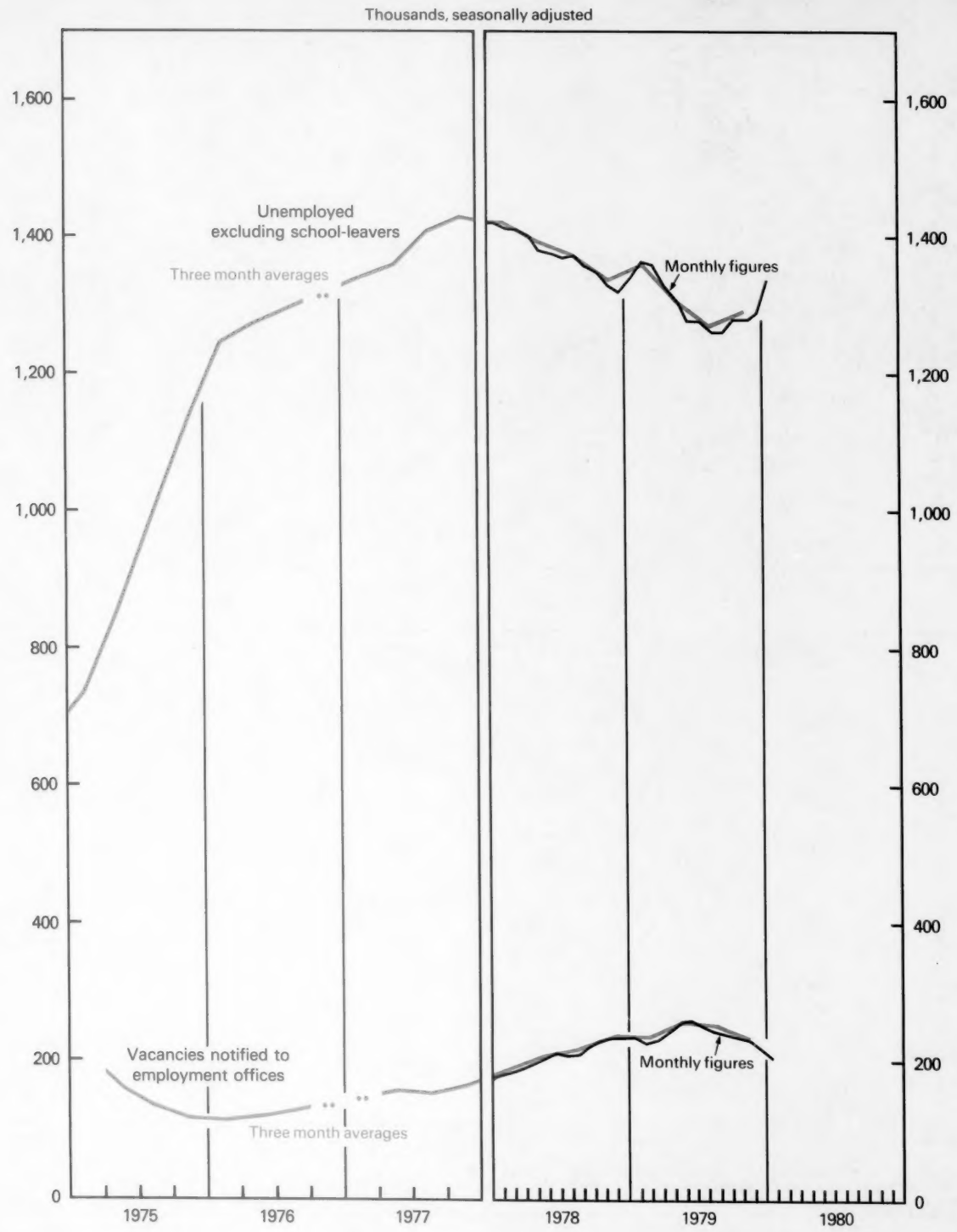
[6] The base used in calculating the percentage rate of unemployment is the appropriate mid-year estimate of total employees (employed and unemployed): the latest figure available is the provisional estimate for mid-1978.

[7] Estimates after June 1977 are provisional.

[8] Averages of eleven months' figures.

[9] Figure not available due to industrial action. For further details see note to page 129 of *Department of Employment Gazette*, February 1975.

[10] Because of industrial action by some staff in the Department of Employment group, figures for these months are not available.


Thousands, seasonally adjusted
1,600
1,400
1,200
1,000
800
600
400
200
0
Unemployed
excluding school-leavers
Three month averages
Monthly figures
Vacancies notified to
employment offices
Three month averages
Monthly figures
1975
1976
1977
1978
1979
1980

Regional unemployment rates[1]

Seasonally adjusted[2]

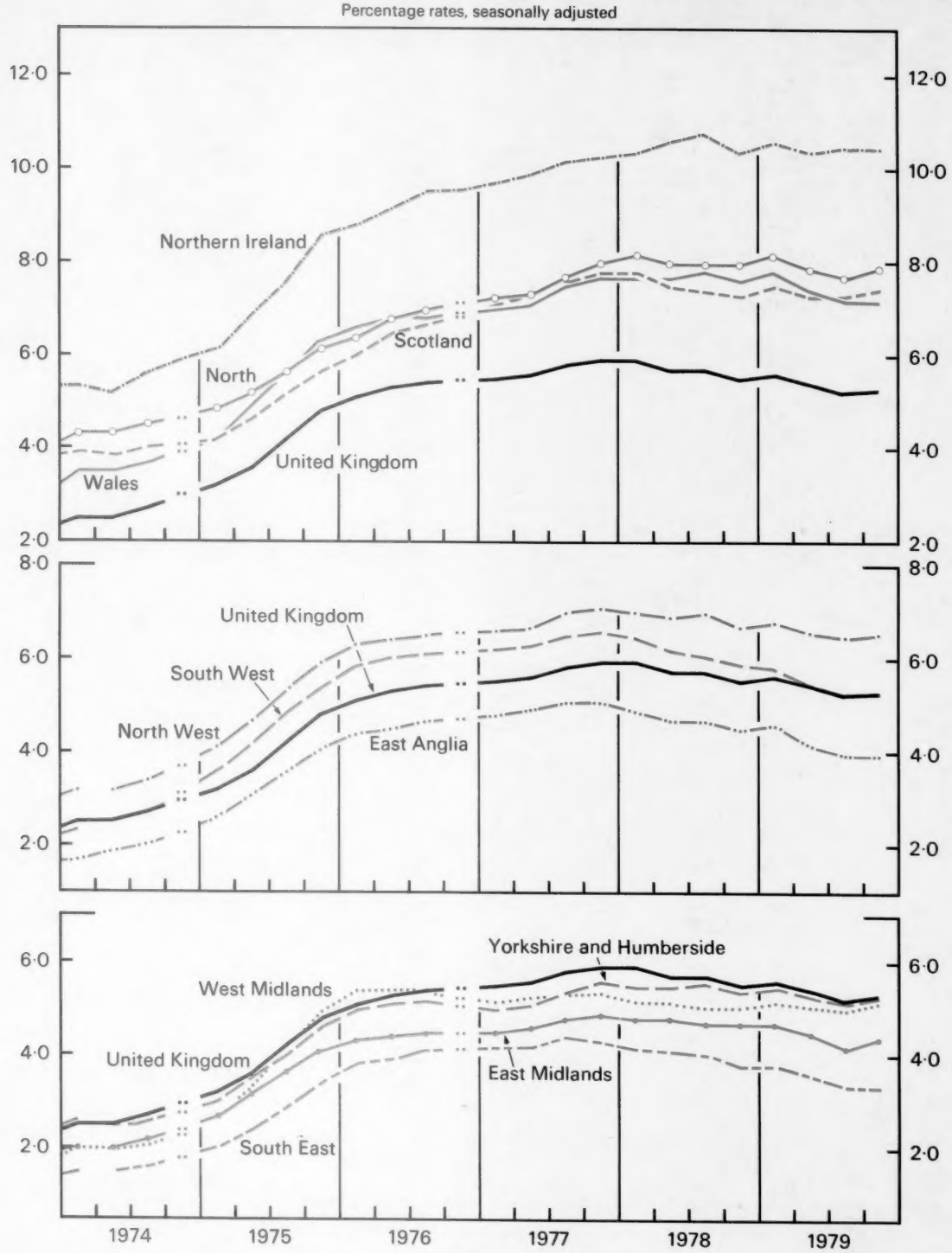
Per cent

	North[3]	Yorkshire and Humberside[3]	East Midlands[3]	East Anglia	South East[3]	South West[3]	West Midlands
1974 *1*	4·3	2·6	2·0	1·7	1·5	2·3	2·0
2	4·3	2·5	2·0	1·8	1·5	2·5	2·0
3	4·5	2·6	2·2	2·0	1·6	2·7	2·1
4	..[4]	..[4]	..[4]	..[4]	..[4]	..[4]	..[4]
1975 *1*	4·8	3·0	2·7	2·6	2·0	3·6	2·7
2	5·2	3·5	3·2	3·1	2·4	4·2	3·5
3	5·7	4·0	3·7	3·6	2·9	4·8	4·2
4	6·2	4·6	4·1	4·1	3·4	5·4	5·0
1976 *1*	6·4	5·0	4·3	4·4	3·8	5·8	5·4
2	6·8	5·1	4·4	4·5	3·9	6·0	5·4
3	7·0	5·2	4·5	4·7	4·1	6·1	5·4
4	..[5]	..[5]	..[5]	..[5]	..[5]	..[5]	..[5]
1977 *1*	7·2	5·0	4·5	4·8	4·2	6·2	5·2
2	7·3	5·1	4·6	4·9	4·2	6·3	5·3
3	7·7	5·4	4·8	5·1	4·4	6·5	5·4
4	8·0	5·6	4·9	5·1	4·3	6·6	5·4
1978 *1*	8·2	5·5	4·8	4·9	4·2	6·5	5·2
2	8·0	5·5	4·8	4·7	4·1	6·2	5·2
3	8·0	5·6	4·7	4·7	4·0	6·1	5·1
4	8·0	5·4	4·7	4·5	3·8	5·9	5·1
1979 *1*	8·2	5·5	4·7	4·6	3·8	5·8	5·2
2	7·9	5·3	4·5	4·2	3·6	5·5	5·1
3	7·7	5·2	4·2	4·0	3·4	5·3	5·0
4	7·9	5·2	4·5	4·0	3·4	5·3	5·2

	North West[3]	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
1974 *1*	3·2	3·5	3·9	2·4	5·3	2·5
2	3·2	3·5	3·8	2·4	5·2	2·5
3	3·4	3·7	3·9	2·6	5·6	2·6
4	..[4]	..[4]	..[4]	..[4]	5·9	..[4]
1975 *1*	4·1	4·2	4·2	3·1	6·1	3·1
2	4·7	4·9	4·6	3·6	6·9	3·6
3	5·3	5·6	5·2	4·1	7·6	4·2
4	5·9	6·3	5·7	4·7	8·6	4·8
1976 *1*	6·3	6·6	6·0	5·0	8·8	5·1
2	6·4	6·8	6·5	5·2	9·2	5·3
3	6·5	6·8	6·7	5·3	9·5	5·4
4	..[5]	..[5]	..[5]	..[5]	9·6	..[5]
1977 *1*	6·6	7·0	7·1	5·4	9·7	5·5
2	6·7	7·1	7·3	5·5	9·9	5·6
3	7·0	7·5	7·6	5·7	10·2	5·8
4	7·1	7·7	7·8	5·8	10·3	5·9
1978 *1*	7·0	7·7	7·8	5·7	10·4	5·9
2	6·9	7·7	7·5	5·6	10·6	5·7
3	7·0	7·8	7·4	5·5	10·8	5·7
4	6·7	7·6	7·3	5·4	10·4	5·5
1979 *1*	6·8	7·8	7·5	5·5	10·6	5·6
2	6·6	7·4	7·3	5·3	10·4	5·4
3	6·5	7·2	7·3	5·1	10·5	5·2
4	6·6	7·2	7·5	5·2	10·5	5·3

[1] Numbers unemployed excluding school-leavers expressed as a percentage of the appropriate mid-year estimate of total employees (employed and unemployed). The latest figures available are the provisional estimates for mid-1979, with the exception of Northern Ireland (mid-1978).
[2] The seasonally adjusted series have been calculated as described in *Employment Gazette* for May 1979.
[3] The boundaries of the standard regions were revised in April 1974.
[4] Figure not available due to industrial action. For further details see note on page 129 of the *Department of Employment Gazette*, February 1975.
[5] Because of industrial action by some staff in the Department of Employment group, figures are not available.

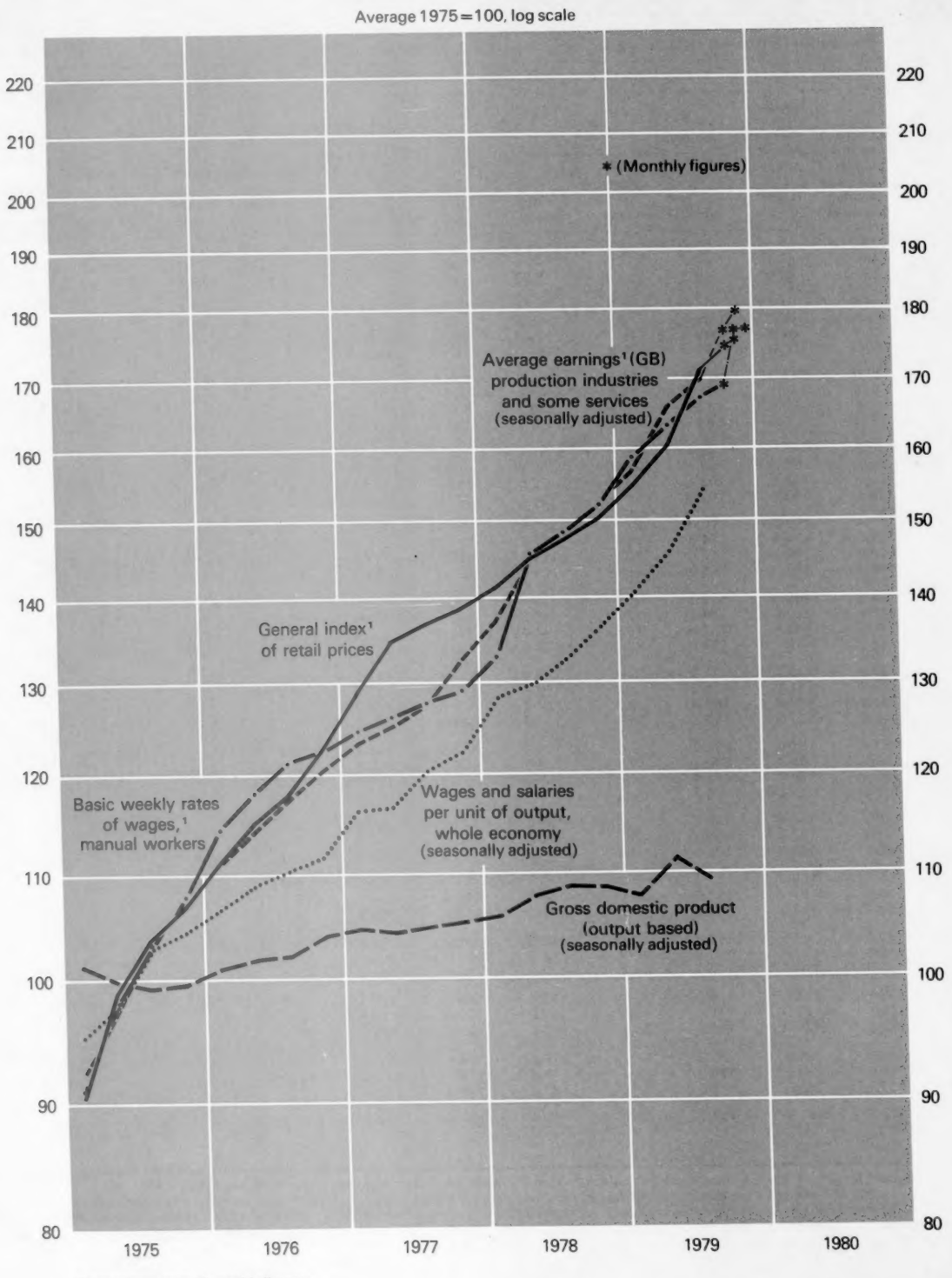
Percentage rates, seasonally adjusted



Wage rates and earnings

	Unadjusted				Seasonally adjusted					
	31 July 1972 =100[1]		January 1976 =100		January 1970 =100				1975 =100	
	Basic weekly wage rates (manual workers)		Average earnings (GB)						Wages and salaries per unit of output	
	All industries and services	Manufacturing industry	New series: whole economy	*Percentage increase on year earlier*	Older series: production industries and some services	*Percentage increase on year earlier*	Manufacturing industry	*Percentage increase on year earlier*	Whole economy	Manufacturing industry
1969	71·7	72·1	..	..	95·2	*7·8*	94·9	*8·1*	45·3	46·3
1970	78·8	79·4	..	..	106·7	*12·1*	107·0	*12·7*	49·6	52·0
1971	89·0	89·3	..	..	118·7	*11·3*	118·9	*11·2*	54·3	56·9
1972	101·3	101·5	..	..	134·0[2]	..[3]	134·2[2]	..[3]	59·1	59·3
1973	115·2	114·6	..	..	152·1	..[3]	151·5	..[3]	63·4	62·6
1974	138·0	134·3	..	..	179·1	*17·8*	177·5	*17·2*	77·8†	77·3
1975	178·7	174·4	..	..	226·6	*26·5*	223·8	*26·1*	100·0	100·0
1976	213·2	209·0	106·0	..	261·8	*15·6*	260·7	*16·5*	109·3	113·8
1977	227·3	218·9	115·6	*9·1*	288·5	*10·2*	287·6	*10·3*	118·7	125·7
1978	259·3	258·8	130·6	*13·0*	330·2	*14·5*	329·6	*14·6*	131·8	142·1
1979	297·8	297·5								
1975 *1*	162·7	155·1	..	..	209·5	*31·6*	207·4	*31·8*	95·1	91·8
2	175·3	171·9	..	..	220·2	*27·6*	216·8	*26·6*	97·6	98·2†
3	184·3	180·5	..	..	234·0	*26·4*	230·7	*25·4*	103·1	103·5
4	192·6	190·1	..	..	242·7	*21·6*	240·6	*21·8*	104·2	106·6
1976 *1*	204·2	201·5	101·0	..	250·7	*19·7*	248·9	*20·0*	106·5	110·1
2	211·5	209·0	105·2	..	258·1	*17·2*	257·6	*18·8*	108·9	111·8
3	217·8	212·5	107·9	..	265·9	*13·6*	265·1	*14·9*	110·2	115·9
4	219·3	213·1	110·1	..	272·7	*12·3*	271·3	*12·8*	111·5	117·5
1977 *1*	223·3	215·7	111·8	*10·7*	280·2	*11·8*	278·6	*11·9*	116·0	120·3
2	225·9	217·9	114·5	*8·8*	284·4	*10·2*	283·2	*9·9*	116·3	124·1†
3	228·7	220·2	116·4	*7·9*	289·1	*8·7*	288·2	*8·7*	120·2	126·6
4	231·2	221·7	119·9	*8·9*	300·3	*10·1*	300·3	*10·7*	122·2	131·7
1978 *1*	237·8	226·1	123·1	*10·1*	310·9	*11·0*	311·6	*11·8*	128·3	136·4
2	260·6	263·9	129·9	*13·5*	327·8	*15·3*	326·9	*15·5*	129·9	139·9
3	265·8	267·9	133·2	*14·4*	335·7	*16·1*	334·5	*16·1*	132·5	142·7
4	273·0	277·5	136·4	*13·8*	346·4	*15·3*	345·4	*15·0*	136·4	149·4
1979 *1*	284·9	284·5	140·1	*13·9*	356·5	*14·7*	357·3	*14·7*	140·9	153·7
2	292·2	291·3	147·3	*13·4*	376·0	*14·7*	377·2	*15·4*	146·0	154·9
3	299·8†	296·3†	154·2[5]	*15·8*[5]	385·5[6]	*14·9*[5]	380·9[5]	*13·9*[5]	154·3	162·7
4	314·3	317·8								
1978 *J*	264·8	265·9	133·6	*14·2*	333·2	*16·3*	332·1	*16·2*	..	141·2
A	266·2	268·6	131·7	*13·9*	334·7	*15·9*	333·5	*15·9*	..	142·2†
S	266·5	269·1	134·2	*15·1*	339·2	*16·2*	338·0	*16·2*	..	144·6
O	270·8	276·6	135·2	*14·7*	344·5	*16·5*	343·3	*16·5*	..	146·7
N	273·0	277·9	136·1	*13·3*	344·5	*14·4*	343·2	*13·8*	..	148·3
D	275·1	278·0	138·0	*13·3*	350·1	*15·1*	349·7	*14·8*	..	153·3
1979 *J*	283·0	283·7	135·7	*11·7*	344·7	*12·4*	345·5	*12·2*	..	154·4
F	285·2	284·7	141·1	*15·0*	355·6	*14·1*	357·3	*14·6*	..	155·2
M	286·4	285·1	143·7	*14·9*	369·3	*17·4*	369·0	*17·2*	..	151·6
A	289·2	288·6	144·3	*13·5*	368·1	*13·6*	368·0	*13·2*	..	153·2
M	291·2	291·2	146·9	*13·5*	373·2	*14·4*	375·3	*15·5*	..	154·8
J	296·2	294·0	150·9	*13·4*	386·6	*16·1*	388·2	*17·4*	..	156·8
J	298·7†	294·6†	155·6	*16·5*	387·8	*16·4*	386·8	*16·5*	..	159·6
A	300·1	296·7	153·3[5]	*16·4*[5]	384·8[5]	*15·0*[5]	378·3[5]	*13·4*[5]	..	162·2
S	300·7	297·7	153·6[5]	*14·4*[5]	384·1[5]	*13·2*[5]	377·6[5]	*11·7*[5]	..	166·2
O	303·0	298·2	158·1	*17·0*	401·3	*16·5*	399·2	*16·3*	..	168·0
N	319·3	327·1	162·1†	*19·1*†	408·2†	*18·5*†	408·4†	*19·0*†	..	
D	320·7	328·1	165·0[6]	*19·6*	416·5	*19·0*[6]	416·3[6]	*19·0*[6]	..	
1980 *J*	325·6	331·4								

[1] Prior to July 1972 the series was based on 31 January 1956 =100. Figures before July 1972 have therefore been linked.
[2] Average of 11 months. See footnote[3].
[3] In the absence of earnings data for February 1972 due to the effects of the coalmining dispute, no index of wages and salaries per unit of output or index of average earnings has been calculated for that month. The indices calculated for January and March 1972 are less reliable than usual.
[4] The figures reflect temporary reductions in earnings while three-day working and other restrictions were in operation.
[5] These figures are affected by the industrial dispute in the engineering industries.
[6] Provisional.



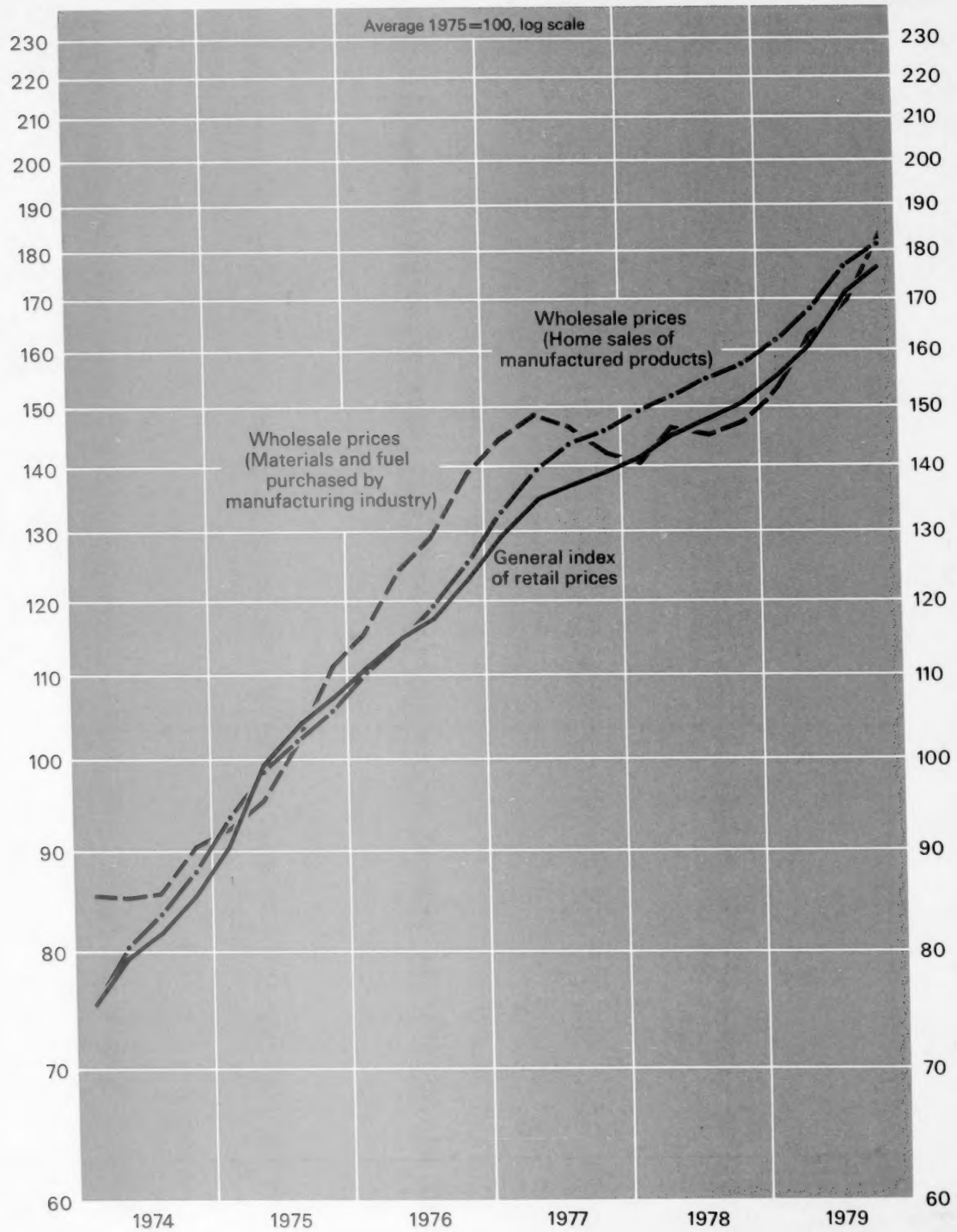
[1] Quarterly average of monthly figures.

Prices

Unadjusted

	Average 1975=100										Average 1975=100 p
	Wholesale prices index		General index of retail prices						Pensioner price index[1]		
	Materials and fuel purchased by manufacturing industry[2]	Output All manufactured products Home sales[3]	All items Index	All items *Percentage increase on year earlier*	Total food	Total non-food	All items other than seasonal food Index	All items other than seasonal food *Percentage increase on year earlier*	One person household	Two person household	Purchasing power of the pound[4]
1969	38·7	50·5	51·0	*5·4*	45·3	53·1	51·5	*5·2*	49·2	49·5	196
1970	40·7	54·1	54·2	*6·4*	48·5	56·3	54·8	*6·5*	52·7	52·8	184
1971	42·5	59·0	59·3	*9·4*	53·9	61·4	60·0	*9·5*	58·0	58·0	169
1972	44·4	62·1	63·6	*7·1*	58·6	65·3	64·1	*6·9*	62·4	62·3	157
1973	58·8	66·7	69·4	*9·2*	67·5	70·1	69·4	*8·3*	68·4	68·7	144
1974	86·8	81·8	80·5	*16·1*	79·6	80·8	80·5	*16·0*	79·5	79·8	124
1975	100·0	100·0	100·0	*24·2*	100·0	100·0	100·0	*24·2*	100·0	100·0	100
1976	127·0	117·3	116·5	*16·5*	120·0	115·6	115·8	*15·8*	119·1	118·8	86
1977	145·6	140·5	135·0	*15·8*	142·8	132·8	134·3	*16·0*	139·1	138·7	74
1978	144·6	153·3	146·2	*8·3*	152·9	144·3	146·5	*9·0*	150·4	149·8	68
1979			165·8	*13·4*	171·3	164·3	165·9	*13·3*	168·0	167·6	60
1975 *1*	92·2	93·7	90·5	*20·3*	91·4	90·2	90·7	*20·7*	89·9	89·9	110
2	95·5	98·5	99·1	*24·3*	99·8	98·8	99·0	*24·4*	99·5	99·6	101
3	101·8	102·1	103·4	*26·5*	102·5	103·7	103·4	*26·3*	103·1	103·3	97
4	110·5	105·7	107·0	*25·3*	106·1	107·3	106·9	*25·0*	107·4	107·3	93
1976 *1*	115·4	110·3	110·9	*22·5*	113·6	110·1	110·1	*21·3*	112·8	112·6	90
2	124·6	114·5	114·9	*16·0*	117·7	114·1	113·9	*15·1*	117·3	116·9	87
3	128·9	119·2	117·6	*13·7*	119·1	117·1	117·3	*13·4*	119·6	119·2	85
4	138·9	125·2	123·0	*15·0*	129·6	121·0	122·0	*14·0*	126·9	126·4	81
1977 *1*	144·8	133·0	129·2	*16·5*	138·6	126·4	127·7	*16·1*	132·6	132·9	77
2	148·8	139·6	134·9	*17·4*	143·3	132·5	133·6	*17·3*	138·4	138·4	74
3	146·5	143·8	137·0	*16·5*	144·1	135·0	136·8	*16·7*	141·6	140·7	73
4	142·2	145·8	139·0	*13·0*	145·0	137·3	139·3	*14·2*	143·9	142·9	72
1978 *1*	140·2	149·2	141·4	*9·5*	148·0	139·5	141·6	*10·8*	146·3	145·5	71
2	146·3	151·8	145·3	*7·6*	152·9	143·1	145·2	*8·6*	150·0	149·3	69
3	144·9	154·8	147·8	*7·9*	154·7	145·9	148·2	*8·3*	151·9	151·3	68
4	147·1	157·3	150·3	*8·1*	156·0	148·6	150·8	*8·3*	153·4	153·0	67
1979 *1*	153·4	161·6	155·0	*9·6*	164·2	152·4	154·7	*9·3*	159·2	158·5	65
2	163·3	168·0	160·7	*10·6*	168·9	158·3	160·2	*10·4*	163·4	162·9	62
3	169·9	176·4	171·4	*16·0*	173·9	170·6	171·9	*16·0*	171·8	171·7	58
4	183·8[5]	181·7[5]	176·2	*17·3*	178·0	175·7	176·7	*17·2*	177·6	177·2	57
1978 *O*	145·7	156·6	149·2	*7·8*	154·2	147·7	149·8	*8·1*	..	..	67
N	147·3	157·1	150·2	*8·1*	156·0	148·6	150·9	*8·3*	..	..	67
D	148·3	158·3	151·5	*8·4*	157·9	149·6	151·8	*8·5*	..	..	66
1979 *J*	151·8†	160·0	153·7	*9·3*	163·2	151·0	153·4	*9·0*	..	..	65
F	153·3	161·7	155·0	*9·6*	164·1	152·4	154·8	*9·3*	..	..	65
M	155·2	163·2	156·2	*9·8*	165·2	153·7	155·9	*9·5*	..	..	64
A	160·6	165·5	158·9	*10·1*	166·2	156·8	158·4	*9·7*	..	..	63
M	162·8	167·7	160·2	*10·3*	168·0	157·9	159·8	*10·1*	..	..	62
J	166·6	170·9	162·9	*11·4*	172·5	160·2	162·4	*11·3*	..	..	61
J	168·1	174·8	170·0	*15·6*	173·4	169·0	170·3	*15·8*	..	..	59
A	169·1	176·3	171·3	*15·8*	173·9	170·4	171·8	*15·8*	..	..	58
S	172·5	178·2	173·0	*16·5*	174·5	172·5	173·6	*16·5*	..	..	58
O	178·1	180·3	174·8	*17·2*	176·1	174·4	175·4	*17·1*	..	..	57
N	186·0†	181·6†	176·3	*17·4*	177·8	175·9	176·8	*17·2*	..	..	57
D	187·4[5]	183·3[5]	177·6	*17·2*	180·0	176·9	178·0	*17·3*	..	..	56
1980 *J*	193·3[5]	187·9[5]	182·0	*18·4*	183·6	181·4	182·2	*18·8*	..	..	55
F											
M											

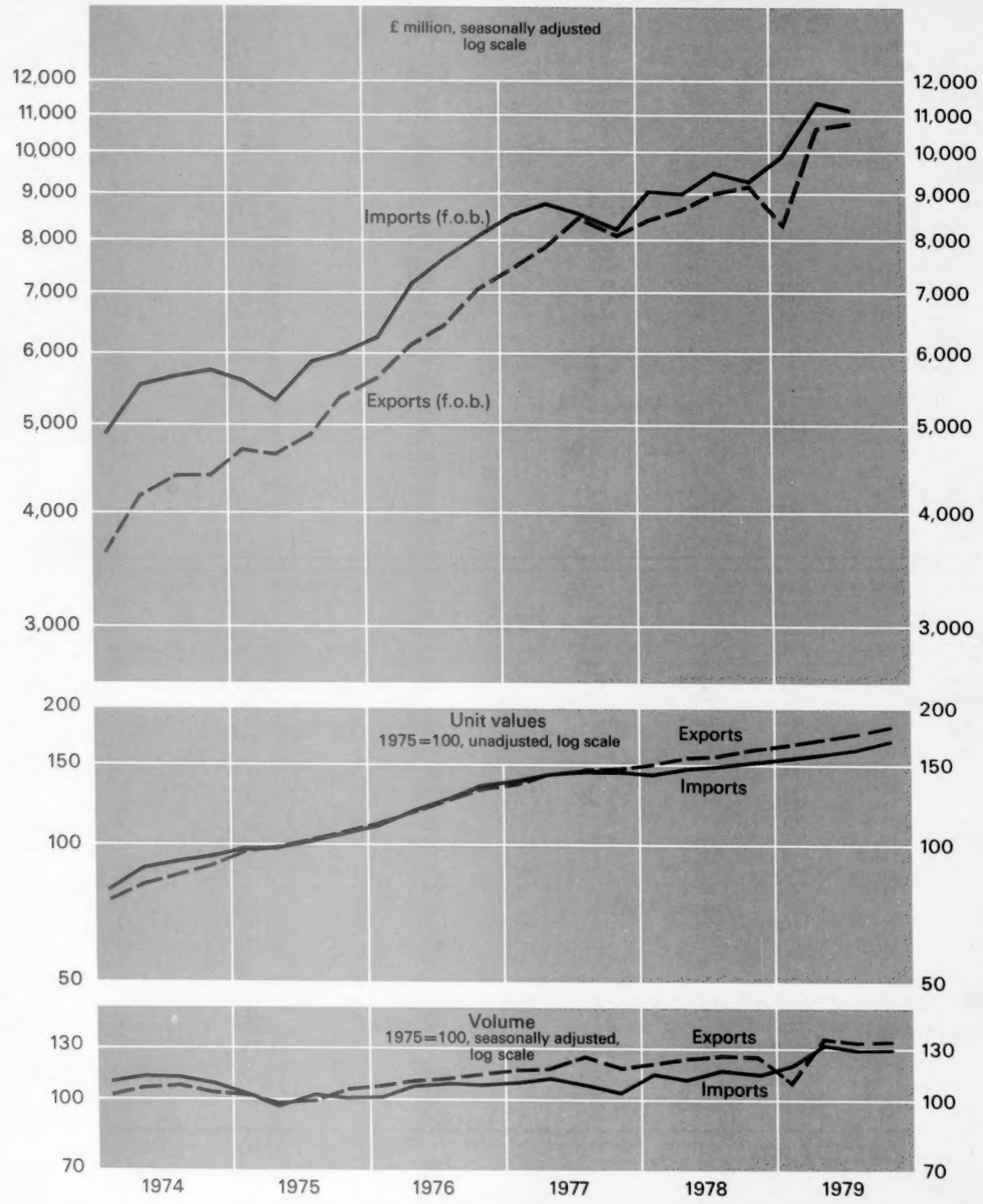
[1] All items except housing. [2] Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971.
[3] Reductions in the VAT-exclusive prices of alcoholic liquor, tobacco and cigarettes, matches and mechanical lighters took place in April 1973. These reductions resulted from lower revenue duties designed to offset additional tax revenue from VAT. With unchanged prices in April for these products index numbers from 2nd quarter 1973 onwards would have been higher by 1·7.
[4] Movements in the purchasing power of the pound are based on movements in the general index of retail prices. [5] Provisional.


Average 1975=100, log scale
230
220
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
60
Wholesale prices
(Home sales of
manufactured products)
Wholesale prices
(Materials and fuel
purchased by
manufacturing industry)
General index
of retail prices
1974
1975
1976
1977
1978
1979

Visible trade

	Seasonally adjusted		Unadjusted			
	1975=100		1975=100			1975=100
	Volume indices[1]		Unit value indices[1]			World commodity prices index[3]
	Exports	Imports	Exports	Imports	Terms of trade[2]	
1969	77·8†	77·1†	47·6†	41·1†	115·9†	30
1970	81·1	81·8	50·8	42·8	118·8	31
1971	85·9	85·5	53·7	44·8	119·8	33
1972	85·6	95·2	56·8	46·9	121·1	36
1973	97·2	108·4	64·0	60·0	106·8	54
1974	104·2	109·5	81·6	87·7	93·1	99
1975	100·0	100·0	100·0	100·0	100·0	100
1976	109·9	105·9	119·6	122·1	98·0	130
1977	118·4	107·9	141·5	141·4	100·1	149
1978	121·5	112·6	155·1	147·0	105·5	138
1979	125·9	125·7	171·9	162·3	105·9	
1974 *3*	107·4†	110·6†	84·1†	90·7†	92·7†	99
4	102·3	108·2	88·1	93·2	94·5	101
1975 *1*	100·9	102·1	95·2	96·5	98·7	95
2	97·1	95·7	97·5	97·1	100·4	94
3	98·0	102·4	101·6	100·8	100·8	102
4	104·0	99·8	105·7	105·6	100·1	111
1976 *1*	106·4	100·4	109·6	110·3	99·3	115
2	109·8	106·6	115·8	118·9	97·4	129
3	110·2	108·8	122·8	124·9	98·3	135
4	113·1	107·6	130·3	134·2	97·1	145
1977 *1*	115·4	109·5	134·9	137·1	98·4	152
2	117·2	111·2	140·6	140·8	99·8	155
3	124·1	107·9	144·3	143·5	100·6	149
4	116·9	102·9	146·4	143·9	101·7	142
1978 *1*	120·1	113·6	149·2	142·1	105·0	136
2	121·0	109·1	153·3	146·7	104·5	143
3	122·5	115·0	157·2	148·3	106·1	138
4	122·5	112·9	160·7	151·0	106·5	138
1979 *1*	109·0	116·9	165·8	154·9	107·0	141
2	135·3	128·9	169·1	158·9	106·4	155†
3	129·8	128·1	173·6	162·6	106·8	162[4]
4	129·3	128·9	179·1	172·8	103·7	184[5]
1978 *J*	123·2	115·1	156·0	147·8	105·5	138
A	122·2	111·3	157·2	147·8	106·3	136
S	122·1	118·4	158·6	149·2	106·3	137
O	122·7	110·3	159·4	150·5	105·9	136
N	121·1	114·7	161·1	150·6	106·9	138
D	123·6	113·6	161·7	151·8	106·5	137
1979 *J*	109·6†	105·8†	163·3	152·7†	106·9†	141
F	99·8	116·9	166·6†	154·3	107·9	143
M	117·7	128·0	167·5	157·6	106·3	142
A	138·7	130·9	168·6	156·6	107·6	150
M	135·2	129·1	168·5	158·6	106·2	154
J	131·9	126·6	170·3	161·5	105·5	161†
J	131·6	126·9	173·0	160·0	108·1	161
A	128·6	129·8	173·2	162·3	106·7	162
S	129·3	127·5	174·5	165·5	105·5	167[4]
O	124·7	129·7	177·2	169·8	104·4	174[4]
N	131·8	125·8	179·6	172·5	104·1	191[4]
D	131·3	131·2	180·5	176·0	102·6	
1980 *J*	130·1	128·9	184·4	183·5	100·5	

[1] On a balance of payments basis.
[2] Unit value index for exports expressed as a percentage of unit value index for imports.
[3] Weighted average, in sterling terms, of United Nations Index numbers for primary commodities and non-ferrous metals.
[4] Provisional.
[5] Projection by the Department of Industry.


£ million, seasonally adjusted
log scale
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
Imports (f.o.b.)
Exports (f.o.b.)
Unit values
1975=100, unadjusted, log scale
Exports
Imports
200
150
100
50
Volume
1975=100, seasonally adjusted,
log scale
Exports
Imports
130
100
70
1974
1975
1976
1977
1978
1979

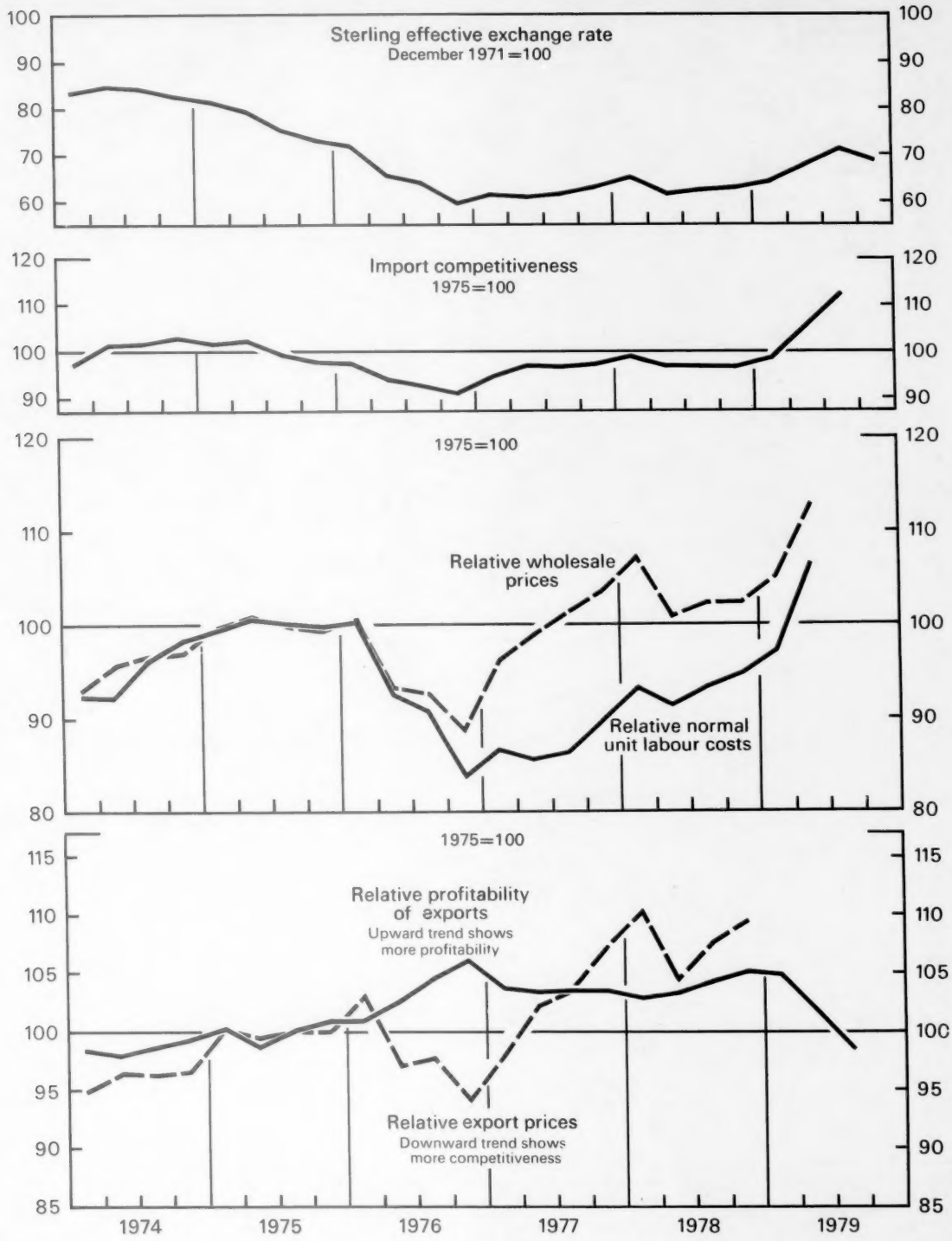
Measures of UK trade competitiveness

1975 = 100

	Summary measures[1]					Export unit value index for manufactures[3]				
	Relative export prices[2]	Relative wholesale prices[2]	Relative normal unit labour costs[2]	Import price competitiveness	Relative profitability of exports	United Kingdom	United States	Japan	France	Federal Republic of Germany
1974	95·9†	95·6	94·9	100·4†	98·4†	85·5†	86	101	82	88
1975	100·0	100·0	100·0	100·0	100·0	100·0	100	100	100	100
1976	97·1	93·8	91·9	93·7	102·5	97·4	107	99	98	102
1977	102·1	99·9	87·2	96·3	102·9	112·0	112	108	105	110
1978	103·4	103·1	93·5†	95·9	104·4	136·6	121	131	121	131
1979				105·9	100·4	164·8				
1977 *1*	97·6	96·1	86·8	94·4	103·3†	104·8†	110	110	102	109
2	101·4	98·9	85·8	96·9	102·7	109·2	111	107	103	110
3	102·8	101·0	86·4	96·8	102·8	113.2	113	110	107	112
4	106·6	103·6	89·8	97·2†	102·9	120·7	116	115	109	117
1978 *1*	110·7	107·1	93·8	97·8	103·1	131·5	117	118	113	125
2	104·8	100·8	91·5	95·7	103·8	128·5	118	134	118	125
3	108·1	102·2	93·6	95·3	104·7	139·1	121	142	126	131
4	110·2	102·3	95·0	94·9	105·9	147·2	126	143	128	140
1979 *1*	111·4[4]	105·1	97·4	97·4	104·9	152·7		143	132	143
2		112·6	106·6	104·4	101·2	158·9		141	133	140
3			111·6	110·0	97·7	173·8				148
4				110·8	97·9	174·0				
	Percentage change, quarter on corresponding quarter of previous year.									
1978 *1*	*+13·4*	*+11·4*	*+ 8·1†*	*+ 3·6†*	*– 0·2†*	*+25·5†*	*+6*	*+ 7*	*+11*	*+15*
2	*+ 3·4*	*+ 1·9*	*+ 6·6*	*– 1·2*	*+ 1·1*	*+17·7*	*+6*	*+25*	*+15*	*+14*
3	*+ 5·2*	*+ 1·2*	*+ 8·3*	*– 1·5*	*+ 1·8*	*+22·9*	*+7*	*+29*	*+18*	*+17*
4	*+ 3·4*	*– 1·3*	*+ 5·8*	*– 2·4*	*+ 2·9*	*+22·0*	*+9*	*+24*	*+17*	*+20*
1979 *1*	*+ 0·6*	*– 1·9*	*+ 3·8*	*– 0·4*	*+ 1·7*	*+16·1*		*+21*	*+17*	*+14*
2		*+11·7*	*+16·5*	*+ 9·1*	*– 2·5*	*+23·7*		*+ 5*	*+13*	*+12*
3			*+19·2*	*+16·5*	*– 6·7*	*+24·9*				*+13*
4				*+16·8*	*– 7·6*	*+18·2*				

	Wholesale price index[3]					Unit labour costs index[3]				
	United Kingdom	United States	Japan	France	Federal Republic of Germany	United Kingdom	United States	Japan	France	Federal Republic of Germany
1974	86·5	90·1	100·2	80·1	90·6	81	89	83	74	89
1975	100·0	100·0	100·0	100·0	100·0	100	100	100	100	100
1976	95·3	104·6	104·9	96·5	101·4	92	101	100	94†	96
1977	110·8	111·2	117·8	100·6	112·8	99	108	115	100	108
1978	132·8	119·4	148·5	119·8	132·2	123	115	144	117	129
1979	164·8									
1977 *1*	102·9	108·4	110·6	96·1	108·8	93	106	106	94†	102
2	108·3	111·0	114·8	99·0	111·1	96	107	112	98	106
3	112·6	111·9	118·5	102·0	113·6	99	108	117	102	109
4	119·4	113·3	127·1	105·3	117·9	108	110	126	106	115
1978 *1*	129·8	115·5	131·5	108·7	126·9	118	114	129	108	123
2	125·7	118·3	141·5	115·5	127·5	116†	114	137	112	126
3	135·0	120·5	159·9	124·9	132·3	124	114	155	123	129
4	140·9	123·3†	161·0	130·0	142·2	134	116	156	125	138
1979 *1*	147·0	127·1	154·8	133·9	146·3	139	120	147	130	143
2	157·7	131·3	147·8	134·3	145·9	142	122	136†	128[4]	136
3	177·7					163	123	134	130[4]	
4	177·0									
	Percentage change, quarter on corresponding quarter of previous year.									
1978 *1*	*+26·1*	*+ 6·5*	*+18·9*	*+13·1*	*+16·6*	*+27*	*+8*	*+22*	*+15*	*+21*
2	*+16·1*	*+ 6·6*	*+23·3*	*+16·7*	*+14·8*	*+21†*	*+7*	*+22*	*+14†*	*+19*
3	*+19·9*	*+ 7·7*	*+34·9*	*+22·5*	*+16·5*	*+25*	*+6*	*+32*	*+21*	*+18*
4	*+18·0*	*+ 8·8*	*+26·7*	*+23·5*	*+20·6*	*+24*	*+5*	*+24*	*+18*	*+20*
1979 *1*	*+13·3*	*+10·0*	*+17·7*	*+23·2*	*+15·3*	*+18*	*+5*	*+14*	*+20*	*+16*
2	*+25·5*	*+11·0*	*+ 4·5*	*+16·3*	*+14·4*	*+22*	*+7*	*– 1*	*+14*	*+ 8*
3	*+31·6*					*+31*	*+8*	*–14*	*+ 6*	
4	*+25·6*									

[1] The summary measures of competitiveness were described in *Economic Trends* No. 304, February 1979.
[2] Downward movements indicate greater competitiveness.
[3] All the indices are in terms of US dollars.
[4] Provisional.


Sterling effective exchange rate
December 1971=100
100
90
80
70
60
Import competitiveness
1975=100
120
110
100
90
1975=100
Relative wholesale prices
Relative normal unit labour costs
120
110
100
90
80
1975=100
Relative profitability of exports
Upward trend shows more profitability
Relative export prices
Downward trend shows more competitiveness
115
110
105
100
95
90
85
1974
1975
1976
1977
1978
1979

Balance of payments: current account

Seasonally adjusted

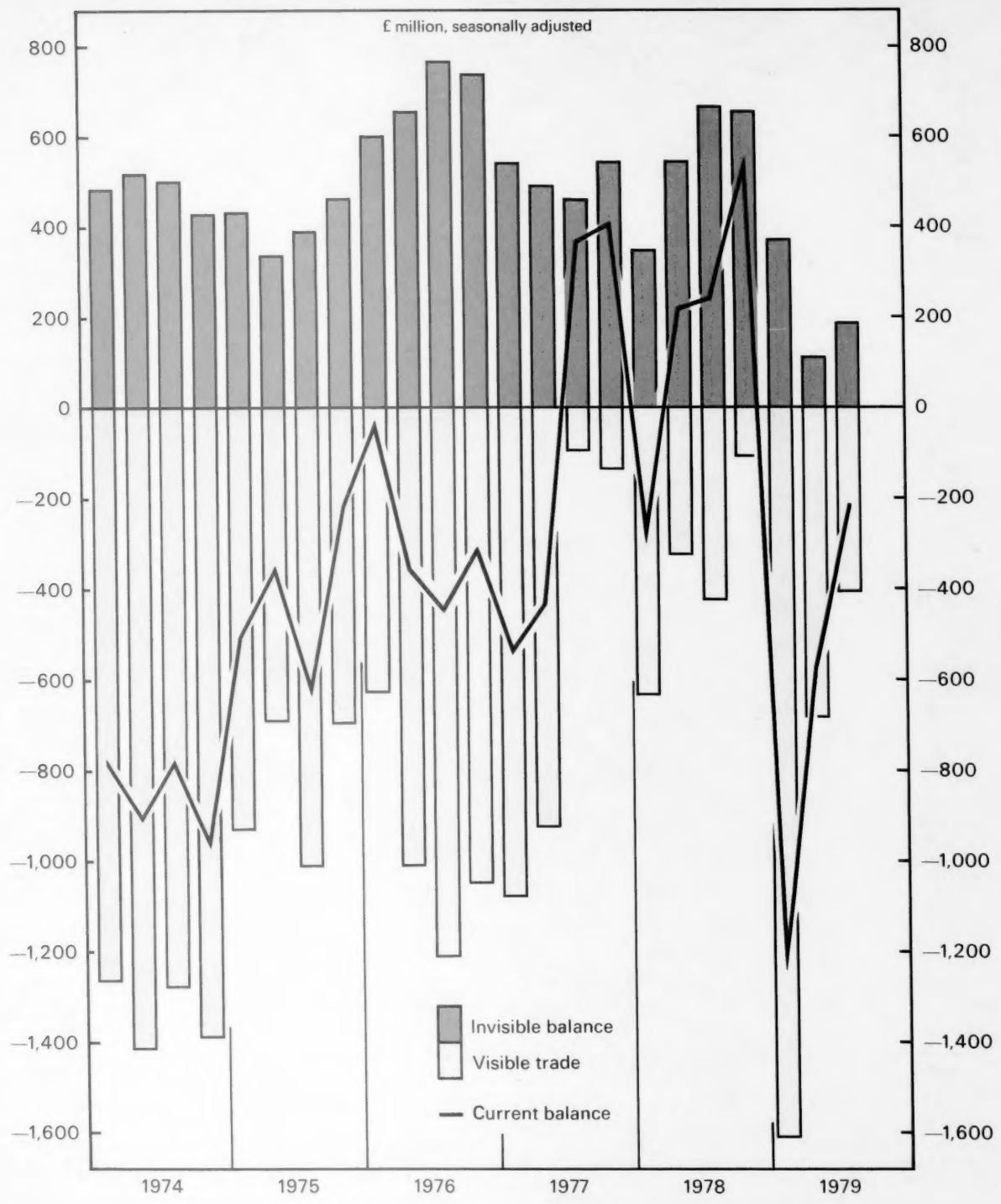
£ million

		Visible trade[1]			Invisibles						
							Balance				
		Exports (f.o.b.) §	Imports (f.o.b.) §	Balance	Credits	Debits	Total	Services	IPD	Transfers	Current balance
1969		7,269	7,478†	−209†	4,387	3,706	+681	+402	+500	−221	+472†
1970		8,151†	8,183	−32	5,078	4,260	+818	+453	+559	−194	+786
1971		9,043	8,353	+190	5,640	4,751	+889	+590	+510	−211	+1,079
1972		9,423	10,184	−761	6,221	5,291	+930	+655	+538	−263	+169
1973		11,937	14,523	−2,586	8,386	6,878	+1,508	+706	+1,260	−458	−1,078
1974		16,395	21,745	−5,350	10,328	8,400	+1,928	+946	+1,423	−441	−3,422
1975		19,330	22,663	−3,333	11,241	9,626	+1,615	+1,363	+762	−510	−1,718
1976		25,193	29,104	−3,911	14,665	11,906	+2,759	+2,257	+1,299	−797	−1,152
1977		31,734	33,973	−2,239	16,413	14,376	+2,037	+2,991	+201	−1,155	−202
1978		35,071	36,564	−1,493	18,335	16,128	+2,207	+3,289	+836	−1,918	+714
1974	*1*	3,594†	4,857†	−1,263†	2,530	2,048	+482	+181	+408	−107	−781†
	2	4,099	5,517	−1,418	2,572	2,054	+518	+232	+389	−103	−900
	3	4,360	5,640	−1,280	2,566	2,066	+500	+283	+316	− 99	−780
	4	4,342	5,731	−1,389	2,660	2,232	+428	+250	+310	−132	−961
1975	*1*	4,660	5,591	−931	2,737	2,308	+429	+316	+187	− 74	−502
	2	4,577	5,269	−692	2,718	2,382	+336	+342	+147	−153	−356
	3	4,819	5,832	−1,013	2,791	2,403	+388	+330	+181	−123	−625
	4	5,274	5,971	−697	2,995	2,533	+462	+375	+247	−160	−235
1976	*1*	5,608	6,237	−629	3,315	2,713	+602	+529	+266	−193	− 27
	2	6,105	7,121	−1,016	3,541	2,887	+654	+501	+332	−179	−362
	3	6,447	7,662	−1,215	3,800	3,035	+765	+605	+357	−197	−450
	4	7,033	8,084	−1,051	4,009	3,271	+738	+622	+344	−228	−313
1977	*1*	7,428	8,508	−1,080	3,987	3,447	+540	+681	+106	−247	−540
	2	7,827	8,750	−923	4,067	3,576	+491	+777	+ 1	−287	−432
	3	8,423	8,520	− 97	4,168	3,708	+460	+757	+ 37	−334	+363
	4	8,056	8,195	−139	4,191	3,645	+546	+776	+ 57	−287	+407
1978	*1*	8,390	9,023	−633	4,288	3,942	+346	+762	+124	−540	−287
	2	8,676	8,862	−186	4,480	3,938	+542	+710	+271	−439	+356
	3	8,933	9,401	−468	4,747	4,081	+666	+897	+280	−511	+198
	4	9,072	9,278	−206	4,820	4,167	+653	+920	+161	−428	+447
1979	*1*	8,373	9,961	−1,588	4,777	4,405	+372	+667	+220	−515	−1,216
	2	10,658	11,144	−486	5,055	4,948	+107	+739	− 58	−574	−379
	3	10,641	11.134	−493	5,366	5,180	+186	+882	− 50	−646	−307
	4										
1978	*J*	2,978†	3,167†	−189†	..	..	+222[2]	..	..	..	+ 33†
	A	2,960	2,988	− 28	..	..	+222[2]	..	..	..	+194
	S	2,995	3,246	−251	..	..	+222[2]	..	..	..	− 29
	O	3,013	3,015	− 2	..	..	+218[2]	..	..	..	+216
	N	2,980	3,155	−175	..	..	+218[2]	..	..	..	+ 43
	D	3,079	3,108	− 29	..	..	+217[2]	..	..	..	+188
1979	*J*	2,740	2,926	−186	..	..	+124[2]	..	..	..	− 62
	F	2,577	3,323	−746	..	..	+124[2]	..	..	..	−622
	M	3,056	3,712	−656	..	..	+124[2]	..	..	..	−532
	A	3,609	3,754	−145	..	..	+ 36[2]	..	..	..	−109
	M	3,535	3,718	−183	..	..	+ 35[2]	..	..	..	−148
	J	3,514	3,672	−158	..	..	+ 36[2]	..	..	..	−122
	J	3,575	3,631	− 56	..	..	+ 62[2]	..	..	..	+ 6
	A	3,517	3,743	−226	..	..	+ 62[2]	..	..	..	−164
	S	3,549	3,760	−211	..	..	+ 62[2]	..	..	..	−149
	O	3,484	3,902	−418	..	..	+ 50[3]	..	..	..	−368
	N	3,760	3,835	− 75	..	..	+ 50[3]	..	..	..	− 25
	D	3,773	4,025	−252	..	..	+ 50[3]	..	..	..	−202
1980	*J*	3,879	4,225	−346	..	..	+ 50[3]	..	..	..	−296

[1] Figures published in December 1979 have been revised by the Department of Trade in the light of later information on balance of payments adjustments.

[2] One third of the appropriate calendar quarter's estimate; monthly figures of invisibles are not available.

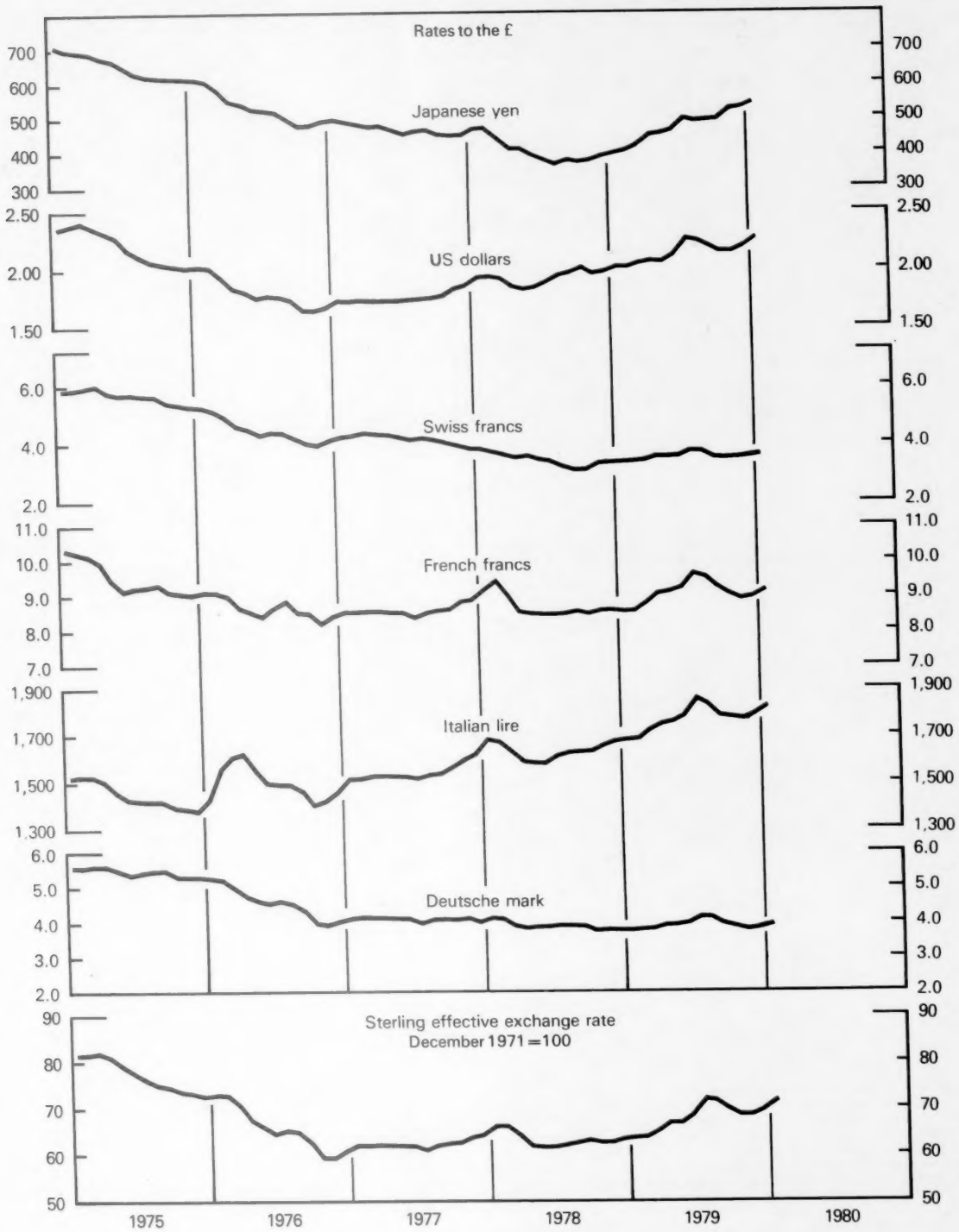
[3] These figures are projections and are subject to revision as the relevant statistical information becomes available.


£ million, seasonally adjusted
800
600
400
200
0
—200
—400
—600
—800
—1,000
—1,200
—1,400
—1,600
Invisible balance
Visible trade
Current balance
1974
1975
1976
1977
1978
1979

Sterling exchange rates

		Sterling exchange rate against major currencies[1]						Dec 1971 = 100
		Japanese yen	US dollars	Swiss francs	French francs	Italian lire	Deutsche-marks	Sterling effect ive exchange rat e
1969		..	2·390	10·308	12·43	1,499	9·379	99·9
1970		857·8	2·396	10·327	13·24	1,502	8·736	98·9
1971		844·6	2·444	10·069	13·46	1,511	8·530	98·8
1972		752·3	2·502	9·554	12·62	1,460	7·975	95·2
1973		664·6	2·453	7·758	10·90	1,426	6·540	86·3
1974		682·7	2·340	6·965	11·25	1,522	6·049	83·6
1975		658·1	2·220	5·723	9·50	1,447	5·447	77·2
1976		535·4	1·805	4·521	8·61	1,497	4·552	65·4
1977		467·7	1·746	4·189	8·57	1,540	4·050	62·1
1978		402·7	1·920	3·423	8·65	1,628	3·850	63·0
1979		465·6	2·122	3·525	9·02	1,762	3·887	67·8
1975	*1*	700·4	2·392	5·956	10·23	1,525	5·586	81·7
	2	679·2	2·325	5·857	9·50	1,461	5·474	79·1
	3	634·1	2·128	5·673	9·26	1,415	5·429	75·2
	4	620·0	2·043	5·413	9·03	1,389	5·304	73·0
1976	*1*	604·3	2·000	5·157	9·04	1,528	5·148	72·0
	2	540·2	1·807	4·508	8·49	1,556	4·621	65·8
	3	514·1	1·767	4·380	8·67	1,483	4·474	64·1
	4	484·8	1·651	4·039	8·33	1,424	3·978	59·6
1977	*1*	489·1	1·714	4·321	8·53	1,514	4·107	61·8
	2	472·9	1·719	4·315	8·51	1,523	4·060	61·6
	3	461·7	1·735	4·160	8·49	1,532	4·004	61·8
	4	447·4	1·814	3·960	8·77	1,593	4·031	63·3
1978	*1*	458·5	1·928	3·719	9·17	1,662	4·011	65·4
	2	404·9	1·836	3·517	8·45	1,584	3·809	61·5
	3	372·3	1·932	3·241	8·46	1,617	3·875	62·4
	4	377·7	1·984	3·227	8·52	1,650	3·719	62·7
1979	*1*	406·1	2·016	3·375	8·60	1,691	3·739	64·0
	2	452·9	2·081	3·565	9·10	1,762	3·943	67·4
	3	490·1	2·233	3·654	9·45	1,824	4·056	71·0
	4	514·6	2·159	3·505	8·94	1,772	3·810	68·8
1978	*J*	379·0	1·894	3·414	8·41	1,604	3·892	62·1
	A	365·7	1·942	3·232	8·43	1,623	3·873	62·4
	S	372·1	1·959	3·078	8·54	1,625	3·859	62·7
	O	368·6	2·007	3·080	8·45	1,628	3·693	62·5
	N	375·8	1·960	3·276	8·54	1,651	3·732	62·5
	D	388·8	1·984	3·325	8·57	1,671	3·731	63·2
1979	*J*	396·4	2·006	3·348	8·52	1,677	3·708	63·5
	F	401·6	2·004	3·357	8·56	1,683	3·720	63·7
	M	420·5	2·038	3·420	8·73	1,714	3·790	65·0
	A	447·9	2·073	3·555	9·02	1,748	3·926	66·9
	M	449·6	2·058	3·554	9·08	1,752	3·926	66·9
	J	461·3	2·112	3·585	9·21	1,785	3·977	68·3
	J	493·7	2·260	3·721	9·60	1,854	4·122	71·9
	A	487·4	2·238	3·708	9·52	1,833	4·095	71·4
	S	489·2	2·200	3·532	9·24	1,785	3·950	69·8
	O	493·3	2·145	3·491	9·00	1,770	3·836	68·4
	N	522·5	2·133	3·508	8·87	1,760	3·781	68·4
	D	528·0	2·198	3·517	8·94	1,785	3·813	69·7
1980	*J*	538·8	2·266	3·612	9·15	1,823	3·907	71·4
	F							
	M							

[1] Average of daily Telegraphic Transfer rates in London.


Rates to the £
Japanese yen
US dollars
Swiss francs
French francs
Italian lire
Deutsche mark
Sterling effective exchange rate
December 1971 = 100
1975
1976
1977
1978
1979
1980

Money stock

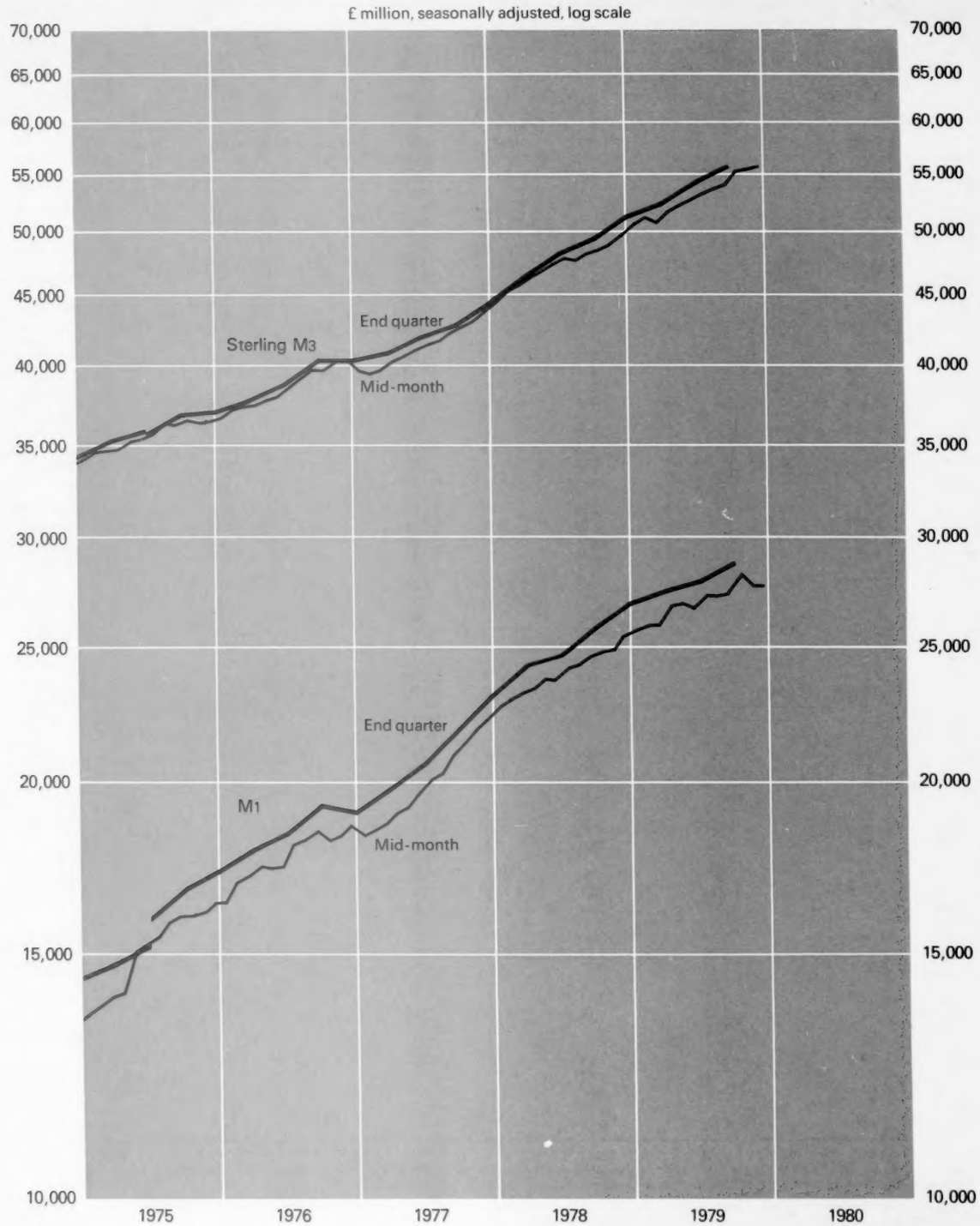
£ million: amounts outstanding

	M_1			Sterling M_3			M_3			Velocity of circulation[1]		
	Seasonally adjusted	Changes (seasonally adjusted)	*Percentage change*	Seasonally adjusted	Changes (seasonally adjusted)	*Percentage change*	Seasonally adjusted §	Changes (seasonally adjusted)	*Percentage change*	M_1	Sterling M_3	M_3
At end period												
1974 *1*	12,690	−334	*−2·6*	32,480	1,065	*+3·4*	34,260	1,406	*+4·3*	5·888	2·370	2·257
2	13,100	409	*+3·2*	32,690	214	*+0·7*	34,870	621	*+1·8*	6·339	2·509	2·365
3	13,450	357	*+2·7*	33,430	745	*+2·3*	35,930	1,065	*+3·1*	6·629	2·662	2·486
4	14,470	1,005	*+7·5*	34,670	1,231	*+3·7*	37,070	1,129	*+3·1*	6·472	2·654	2·476
1975 *1*	14,780	288	*+2·0*	35,220	520	*+1·5*	37,740	641	*+1·7*	6·520	2·729	2·549
2[2]	15,170 / 15,900	386	*+2·6*	35,730 / 35,710	505	*+1·4*	38,080 / 38,060	337	*+0·9*	6·813	2·911	2·724
3	16,690	793	*+5·0*	36,900	1,195	*+3·3*	39,690	1,632	*+4·3*	6·654	2·953	2·757
4[3]	17,220	551	*+3·3*	36,980	111	*+0·3*	39,950	293	*+0·7*	6·666	3·060	2·838
1976 *1*	17,880	698	*+4·1*	37,680	702	*+1·9*	40,830	873	*+2·2*	6·738	3·168	2·928
2	18,340	470	*+2·6*	38,690	1,019	*+2·7*	42,260	1,435	*+3·5*	6·675	3·166	2·910
3	19,180	842	*+4·6*	40,320	1,648	*+4·3*	44,350	2,117	*+5·0*	6·727	3·194	2·914
4	18,950	−223	*−1·2*	40,280	− 1	—	44,250	− 66	*−0·1*	6·924	3·276	2·980
1977 *1*	19,700	759	*+4·0*	40,810	566	*+1·4*	45,090	877	*+2·0*	6·902	3·290	2·986
2	20,520	821	*+4·2*	41 950	1,149	*+2·8*	46,620	1,538	*+3·4*	6·924	3·365	3·036
3	21,840	1,325	*+6·5*	42,760	804	*+1·9*	47,170	551	*+1·2*	6·866	3·434	3·101
4[4]	23,090	1,271	*+5·8*	44,340	1,595	*+3·7*	48,610	1,454	*+3·1*	6·646	3·428	3·118
1978 *1*	24,240	1,157	*+5·0*	46,730	2,405	*+5·4*	51,260	2,662	*+5·5*	6·520	3·388	3·090
2	24,660	431	*+1·8*	48,090	1,374	*+2·9*	53,320	2,072	*+4·0*	6·517	3·361	3·047
3	25,790	1,124	*+4·6*	49,260	1,172	*+2·4*	54,190	870	*+1·6*	6·573	3·406	3·084
4	26,940	1,159	*+4·5*	51,080	1,816	*+3·7*	55,980	1,794	*+3·3*	6·417	3·372	3·071
1979 *1*	27,430	493	*+1·8*	52,150	1,058	*+2·1*	56,840	849	*+1·5*	6·202	3·266	2·989
2	27,800	362	*+1·3*	54,210	2,049	*+3·9*	59,380	2,523	*+4·4*	6·542	3·397	3·109
3	28,640	838	*+3·0*	55,720	1,515	*+2·8*	60,570	1,188	*+2·0*	6·683	3·431	3·144
At mid-month												
1978 *A*	23,340	236	*+1·0*	46,310	669	*+1·5*	50,960	1,233	*+2·5*	..	..	..
M	23,700	365	*+1·6*	46,840	540	*+1·2*	51,850	898	*+1·8*	..	..	..
J	23,660	− 28	*−0·1*	47,210	383	*+0·8*	52,300	455	*+0·9*	..	..	..
J	24,210	548	*+2·3*	47,880	666	*+1·4*	52,790	491	*+0·9*	..	..	..
A	24,370	151	*+0·6*	47,670	−223	*−0·5*	52,170	−638	*−1·2*	..	..	..
S	24,620	249	*+1·0*	48,140	460	*+1·0*	52,670	486	*+0·9*	..	..	..
O	24,860	236	*+1·0*	48,490	334	*+0·7*	53,130	449	*+0·9*	..	..	..
N	24,900	43	*+0·2*	48,800	306	*+0·6*	53,750	615	*+1·2*	..	..	..
D	25,490	585	*+2·3*	49,520	710	*+1·5*	54,370	612	*+1·1*	..	..	..
1979 *J*	25,730	213	*+0·8*	50,570	996	*+2·0*	55 250†	833	*+1·5*	..	..	..
F	25,920†	195	*+0·8*	51,080	507	*+1·0*	55,930	677	*+1·2*	..	..	..
M	25,960	35	*+0·1*	50,640	−443	*−0·9*	55,210	−723†	*−1·3*	..	..	..
A	26,750	785	*+3·0*	51,360	721	*+1·4*	55,910†	696	*+1·3*	..	..	..
M	26,780	39	*+0·1*	52,090	729	*+1·4*	56,920	1,016	*+1·8*	..	..	..
J	26,570	−213	*−0·8*	52,690	601	*+1·2*	57,750	830†	*+1·5*	..	..	..
J	27,210	642	*+2·4*	53,110	427	*+0·8*	57,770	16	—	..	..	..
A	27,200	− 3†	—	53,670†	563†	*+1·1*	58,250	494	*+0·9†*	..	..	..
S	27,310	120	*+0·4*	53,990	346	*+0·6*	58,620	393	*+0·7*	..	..	..
O	28,210	921	*+3·4*	55,020	1,065	*+2·0*	59,930	1,335	*+2·3†*	..	..	..
N	27,630	−575	*−2·0†*	55,380	371	*+0·7*	60,940	1,027	*+1·7*	..	..	..
D	27,650	26	—	55,630	258	*+0·5*	60,790	−140	*−0·2*	..	..	..
1980 *J*	27,620	− 3	—	56,210	626	*+1·1*	61,070	325	*+0·5*			

[1] Ratio of GNP at current market prices seasonally adjusted expressed at an annual rate to the centred quarterly average of M_1/sterling M_3/M_3 seasonally adjusted.

[2] At mid-May 1975 new statistical returns were introduced. The first line of figures for end-June 1975, includes a number of estimates to provide reasonable consistency with earlier dates. [3] The amounts outstanding at end-December 1975 are shown after the exclusion of one contributor to the series, but the effect on the figures is very small. The changes have been adjusted to exclude the effect of the reduction in the number of contributors.

[4] From end-December 1977 the coverage of UK holders of dollar certificates of deposit has been somewhat expanded: the effect of this has been excluded from the change in M_3.


£ million, seasonally adjusted, log scale
70,000
65,000
60,000
55,000
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
Sterling M3
End quarter
Mid-month
M1
End quarter
Mid-month
1975
1976
1977
1978
1979
1980

Domestic credit expansion and changes in money stock

Seasonally adjusted[1]

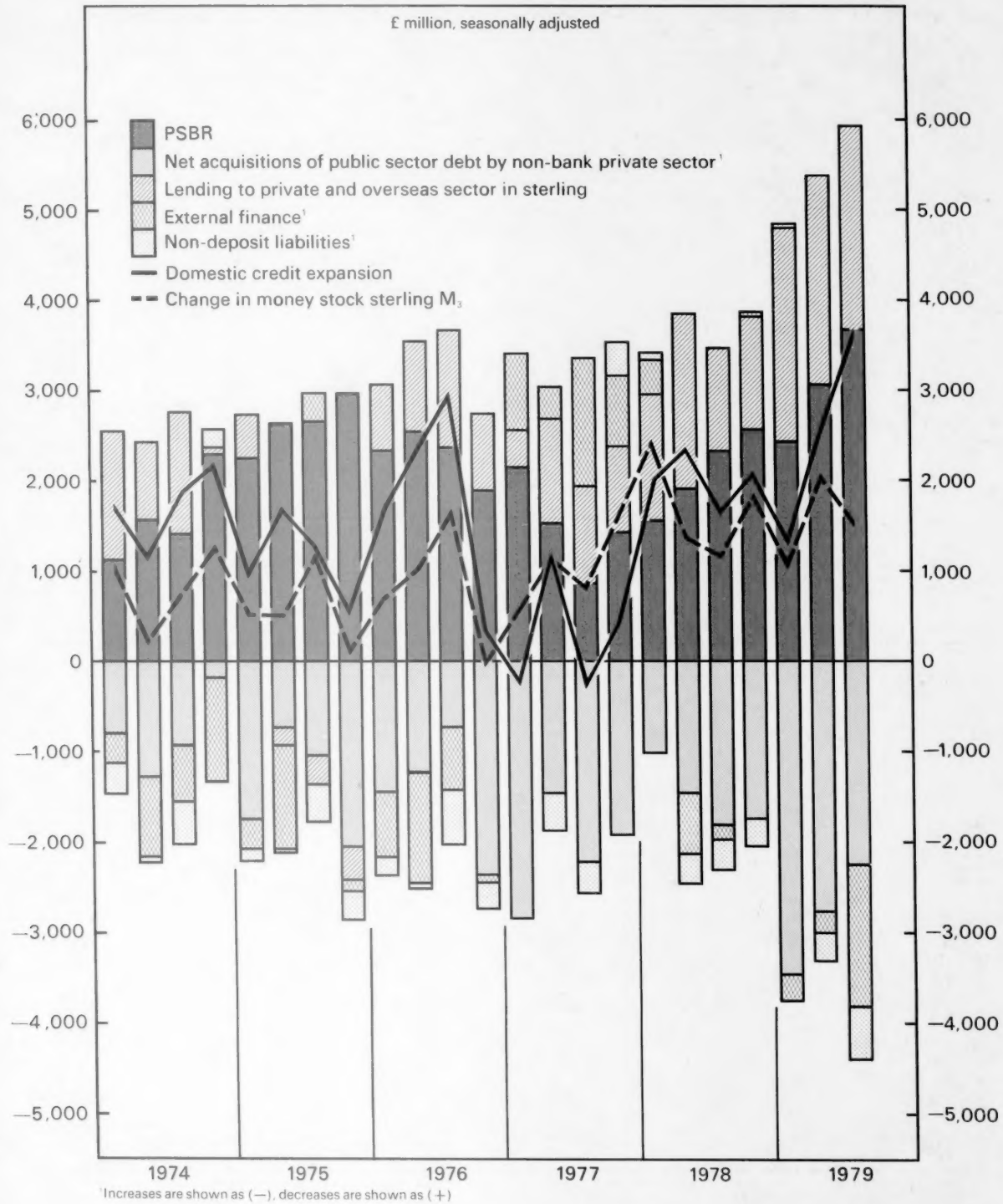
£ million

	Public sector borrowing requirement		Net acquisition of public sector debt by UK non-bank private sector		Sterling lending to UK private sector[2]	Bank lending in sterling to overseas sector	Domestic credit expansion	External and foreign currency finance	Non-deposit liabilities (net)	Money stock sterling M_3
	Central government borrowing requirement	Other public sector contribution	Other public sector debt	Central government debt						
	1	2	3	4	5	6	7	8	9	10
1975	8,345	2,140	205	5,344	− 371	− 34	4,531	1,301	898	2,331
1976	6,786	2,344	296	5,460	3,264	647	7,285	2,744	1,176	3,365†
1977	4,469	1,525	549	7,912	3,188	405	1,126	−3,395	391	4,130
1978	8,371	−20	−315	6,343	4,705	1,055	8,083	419	892	6,772
1974 *3*	763	641	473	447	1,346	21	1,851	635	471	745
4	1,630	669	525	− 345	− 42	118	2,195	1,152	− 188	1,231
1975 *1*	1,330	916	80	1,660	603	−124	985	342	123	520
2	1,894	728	227	496	− 349	148	1,698	1,154	39	505
3	2,686	−40	− 195	1,227	− 347	21	1,288	− 327	420	1,195
4	2,435	536	93	1,961	− 278	− 79	560	132	316	111
1976 *1*	1,807	515	20	1,420	419	343	1,644	715	227	702
2	1,734	808	186	1,048	733	261	2,302	1,226	57	1,019
3	1,980	389	58	665	1,104	199	2,949	695	606	1,648
4	1,265	632	32	2,327	1,011	−156	393	108	286	− 1
1977 *1*	1,583	562	480	2,365	494	− 85	− 291	− 858	1	566
2	1,094	454	293	1,180	967	181	1,223	− 335	409	1,149
3	235	643	− 72	2,287	900	160	− 277	−1,427	346	804
4	1,557	−134	− 152	2,080	811	149	455	− 775	− 365	1,595
1978 *1*	1,367	190	− 144	1,155	759	645	1,950	− 373	− 82	2,405
2	2,157	−244	− 343	1,809	1,644	291	2,382	667	341	1,374
3	2,393	−73	312	1,499	1,107	46	1,662	175	315	1,172
4	2,454	107	− 140	1,880	1,190	73	2,084	− 50	318	1,816
1979 *1*	1,056	1,405	520	2,966	2,415	− 76	1,314	306	− 50	1,058
2	3,274	−243	− 87	2,866	2,369	− 24	2,597	226	322	2,049
3	2,808	864†	435	1,829†	2,148	107	3,663	1,570	578	1,515
Month ended										
1978 July 19	240		30	559	428	− 21	118	− 463	− 85	666
Aug. 16	391		−468	450	311	20	− 196	− 54	81	− 223
Sept. 20	1,403		− 24	734	16	− 10	651	− 103	294	460
Oct. 18	368		− 60	228	397	− 14	463	179	− 50	334
Nov. 15	890		−186	779	443	−117	251	− 165	110	306
Dec. 13	756		401	709	474	137	1,059	289	60	710
1979 Jan. 17	593		151	494	483	62	795	− 186	− 15	996
Feb. 21	648		338	920	1,129	−147	1,048	313	228	507
Mar. 21	− 30		295†	1,320	729	8	−318†	88†	37†	−443
April 18	1,464		133	1,339	535	29	822	94	7	721
May 16	853		−215	521	819	61	997	132	136	729
June 20	1,250		133	1451	1,026	− 73	885	6	278	601
July 18	786		119	841	381	− 6	439	13	− 1	427
Aug. 15	281		202	238	689†	116	1,050	359	128	563†
Sept.19	1,647		129	986	155	− 27	918	522	50	346
Oct. 17	937		−622	−54	1,228	− 32	1,565	384	116	1,065
Nov. 21	731		13	333†	729	103	1,243	895	− 23	371
Dec. 12	1,470		−141	1,224	157	− 17	245	−156	143	258
1980 Jan. 16	154		498	1,622	1,304	188	522	−129	25	626

Relationship between columns: 7 = 1 + 2 − 3 − 4 + 5 + 6; 10 = 7 − 8 − 9 (The figures combined in the bracket are column 2 *less* column 3).

[1] The seasonally adjusted figures do not always add to the calendar year total which is the sum of unadjusted quarterly figures.

[2] Banking sector lending *plus* Bank of England Issue Department holdings of commercial bills.



[1] Increases are shown as (—), decreases are shown as (+)

General government receipts and expenditure[1]

£ million

	General government									
	Receipts[2]		Expenditure							
	Taxes, national insurance, etc. contributions	Trading income, rent, interest, etc.	Goods and services		Current and capital transfers			Net lending, etc.[3]	Total	Public expenditure[4]
			Final consumption	Gross domestic capital formation	Current grants and subsidies	Capital transfers	Debt interest			
1974	29,970	3,704	16,558	4,450	11,199	1,092	3,608	2,239	39,146	36,107
1975	38,519	4,435	23,050	5,065	14,366	1,193	4,212	3,756	51,642	47,736
1976	44,701	5,263	26,683	5,482	17,012	1,425	5,395	2,365	58,362	53,980
1977	50,969	5,924	29,167	4,936	19,521	1,494	6,371	249	61,738	56,782
1978	56,480	6,382	32,693	4,523	23,151	1,977	7,302	1,701	71,347	65,692
1975 *3*	9,985	1,192	5,890	1,208	3,618	297	1,248	880	13,141	12,061
4	10,340	1,102	6,214	1,370	3,851	319	1,034	876	13,664	12,713
1976 *1*	10,940	1,357	6,420	1,693	4,127	385	1,522	939	15,086	13,827
2	10,722	1,216	6,614	1,207	4,250	309	1,004	500	13,884	12,943
3	11,106	1,408	6,728	1,299	4,214	324	1,629	741	14,935	13,710
4	11,933	1,282	6,921	1,283	4,421	407	1,240	185	14,457	13,500
1977 *1*	12,701	1,545	7,017	1,566	4,753	464	1 832	431	16 063	14,685
2	12,358	1,380	7,257	1,028	4,839	351	1,313	−178	14,610	13,600
3	12,836	1,697	7,370	1,167	4,855	317	1,746	88	15,543	13,976
4	13,074	1,302	7,523	1,175	5,074	362	1,480	−92	15,522	14,521
1978 *1*	14,100	1,687	7,915	1,412	5,665	676	1,996	66	17,730	16,165
2	13,482	1,498	7,985	930	5,678	395	1,477	468	16,933	15,758
3	13,861	1,681	8,196	1,115	5,758	433	1,974	718	18,194	16,553
4	15,037	1,516	8,597	1,066	6,050	473	1,855	449	18,490	17,216
1979 *1*	16,057	1,903	8,768	1,487	6,534	487	2,374	474	20,124	18,381
2	16,003	1,695	9,119	1,028	6,765	456	1,892	732	19,992	18,408
3	17,214	1,914	9,673	1,345	6,741	447	2,517	1,151	21,874	20,033
4										

[1] An article describing the new presentation of government income and expenditure was published in the March 1977 issue of *Economic Trends*.
[2] Excluding financial transactions.
[3] Net lending to public corporations, private sector and overseas; cash expenditure on company securities, etc. (net).
[4] As defined in the public expenditure White Paper (Cmnd. 7746). A reconciliation with the total of general government expenditure is shown in Table 2·4 of *Financial Statistics*.

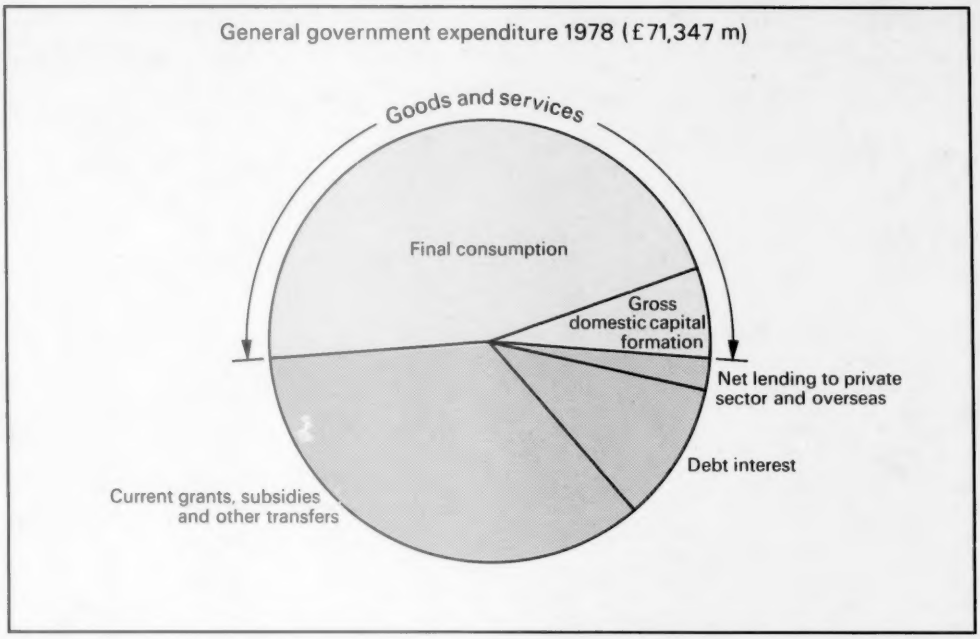
Financial transactions of the public sector

£ million

	Financial deficit[1]					Receipts					
							Borrowing requirement				
								Contributions by:			
	Total	General government[2]	Public corporations	Net lending etc., to private sector and overseas[3]	Total	Financial transactions (net receipts)	Total	Central government[4]	Local authorities	Public corporations	Seasonally adjusted total [5§]
1974	4,721	3,233	1,488	1,696	6,417	38	6,379	3,523	2,107	749	6,379
1975	7,882	4,932	2,950	1,831	9,713	−772	10,485	8,345	1,629	511	10,485
1976	8,187	6,033	2,154	1,286	9,473	343	9,130	6,786	1,103	1,241	9,130
1977	5,806	4,596	1,210	150	5,956	−38	5,994	4,469	183	1,342	5,994
1978	7,877	6,784	1,093	472	8,349	−2	8,351	8,371	659†	−679†	8,351
1976 *1*	2,586	1,850	736	363	2,949	1,342	1,607	1,414	188	5	2,322
2	1,961	1,446	515	431	2,392	−530	2,922	2,204	274	444	2,542
3	2,450	1,680	770	288	2,738	475	2,263	1,655	279	329	2,369
4	1,190	1,057	133	204	1,394	−944	2,338	1,513	362	463	1,897
1977 *1*	1,624	1,386	238	315	1,939	939	1,000	572	463	−35	2,145
2	1,267	1,050	217	12	1,279	−805	2,084	1,803	−256	537	1,548
3	1,655	922	733	20	1,675	732	943	210	269	464	878
4	1,260	1,238	22	−197	1,063	−904	1,967	1,884	−293	376	1,423
1978 *1*	2,068	1,877	191	−116	1,952	1,349	603	534	709	−640	1,557
2	1,786	1,485	301	172	1,958	−259	2,217	2,659	−136	−306	1,913
3	2,526	1,934	592	280	2,806	509	2,297	2,259	154	−116	2,320
4	1,497	1,488	9	136	1,633	−1,601	3,234	2,919	− 68†	383†	2,561
1979 *1*	2,188	1,690	498	135	2,323	788	1,535	247	1,002	286	2,461
2	1,741	1,562	179	298	2,039	−1,302	3,341	3,797	−254	−202	3,031
3	2,270	1,595	675	204	2,474	−1,322†	3,796†	2,825	667	304	3,672†
4											

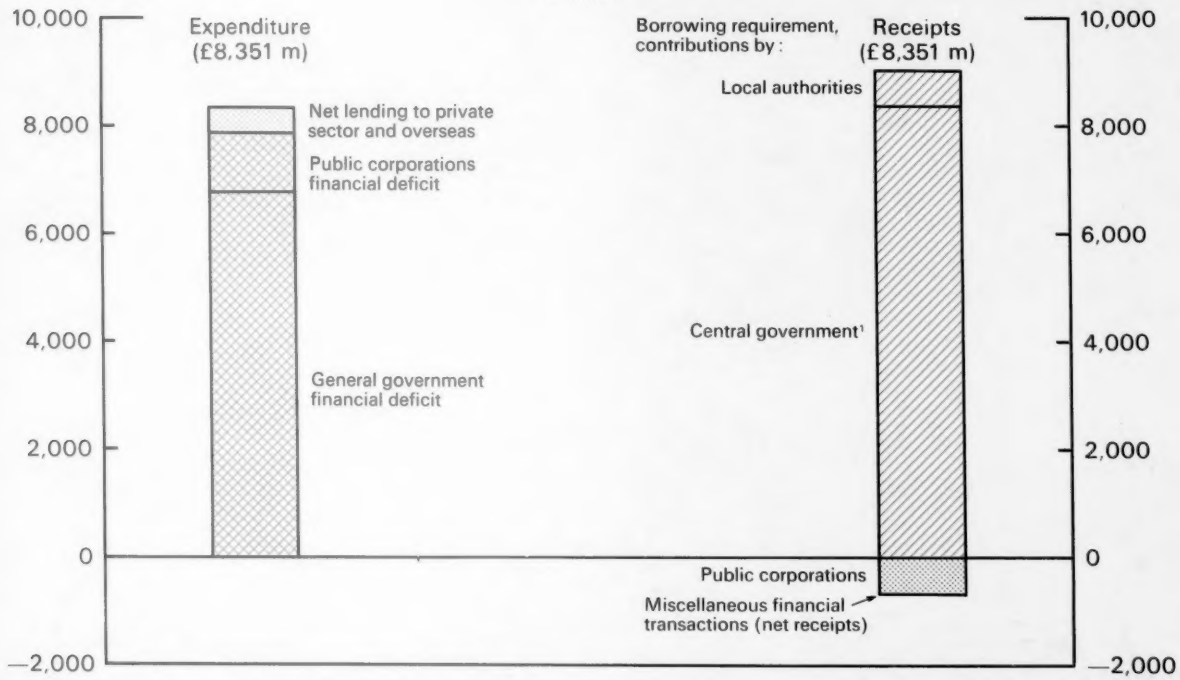
[1] The excess of current and capital expenditure over receipts; corresponds to a negative figure of 'net acquisition of financial assets'.
[2] Top table, columns 3 to 7, *less* 1 and 2.
[3] Including cash expenditure on company securities (net).
[4] Including borrowing matched by on-lending to local authorities and public corporations.
[5] Calendar year constrained.

General government expenditure 1978 (£71,347 m)


Goods and services
Final consumption
Gross domestic capital formation
Net lending to private sector and overseas
Debt interest
Current grants, subsidies and other transfers

Financial transactions of the public sector 1978

£ million



[1]Including borrowing matched by on-lending to local authorities and public corporations

Sector financial accounts

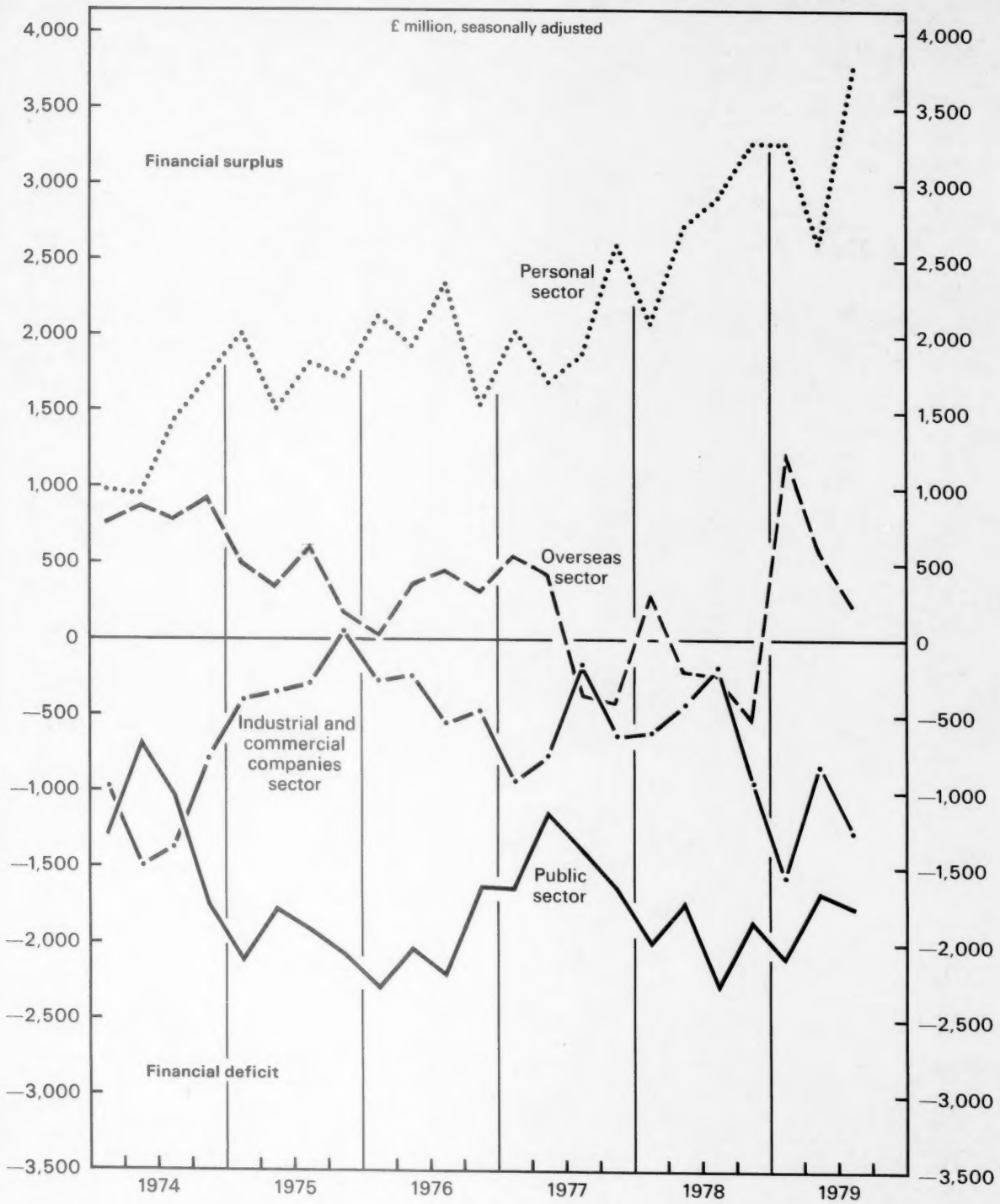
Seasonally adjusted

£ million

	Public sector[1]			Financial companies and institutions			Industrial and commercial companies		
	Savings[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Savings[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Savings[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]
1973	3,196	48	5,902	1,162	−129	1,303	6,827	347	8,482
1974	2,722	110	7,553	1,096	−193	1,458	7,119	332	12,069
1975	2,128	− 34	9,976	1,073	− 65	1,698	7,884	404	9,278
1976	2,885	−204	10,868	1,734	− 97	2,034	11,335	358	13,228
1977	4,298	−232	9,872	1,764	−101	2,355	12,082	251	14,834
1978	2,510	−574	9,813	2,301	− 65	3,222	12,931	352	15,466
1975 *1*	254	− 30	2,355	217	53	361	1,844	69	2,312
2	598	39	2,409	221	− 40	412	1,708	92	2,151
3	609	− 24	2,496	288	− 40	479	1,947	126	2,372
4	667	− 19	2,716	347	− 38	446	2,385	117	2,443
1976 *1*	535	− 9	2,832	304	− 5	446	2,366	66	2,717
2	802	− 48	2,784	319	− 31	494	2,689	106	3,030
3	499	− 54	2,661	506	− 31	553	2,922	93	3,568
4	1,049	− 93	2,591	605	− 30	541	3,358	93	3,913
1977 *1*	1,106	− 83	2,670	505	10	492	3,166	38	4,144
2	1,294	− 78	2,348	422	− 38	502	3,086	96	3,942
3	1,163	− 52	2,500	483	− 37	714	3,036	58	3,252
4	735	− 19	2,354	354	− 36	647	2,794	59	3,496
1978 *1*	687	−256	2,433	343	103	844	2,895	88	3,595
2	867	−121	2,474	545	− 54	854	3,330	92	3,862
3	298	−102	2,494	696	− 57	719	3,634	85	3,907
4	658	− 95	2,412	717	− 57	805	3,072	87	4,102
1979 *1*	737	− 60	2,783	843	− 15	843	3,494	50	5,111
2	931	−123	2,447	766	− 59	1,051	4,121	111	5,062
3	1,126	− 60	2,898	904	− 64	808	3,933	98	5,304
4									

	Personal sector			Net acquisition of financial assets[4]					
	Savings[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Public sector	Financial companies and institutions	Industrial and commercial companies	Personal sector	Overseas sector[5]	Residual error[6]
1973	5,628	−325	2,998	−2,658	−270	−1,308	2,305	1,137†	997
1974	8,598	−324	3,158	−4,721	−555	−4,618	5,116	3,497	1,281†
1975	11,003	−305	3,645	−7,882	−690	−990	7,053	1,718	791
1976	12,617	−57	4,604	−8,187	−397	−1,535	7,956	1,152	1,011
1977	13,616	82	5,508	−5,806	−692	−2,501	8,190	202	607
1978	17,214	287	6,494	−7,877	−986	−2,183	11,007	−714	753
1975 *1*	2,926	−92	823	−2,131	−91	−399	2,011	503†	107†
2	2,485	−91	889	−1,772	−231	−351	1,505	358	491
3	2,819	−62	945	−1,911	−231	−299	1,812	624	5
4	2,773	−60	988	−2,068	−137	59	1,725	233	188
1976 *1*	3,223	−52	1,042	−2,306	−147	−285	2,129	27	582
2	3,031	−27	1,072	−2,030	−206	−235	1,932	362	177
3	3,568	−8	1,211	−2,216	−78	−553	2,349	450	48
4	2,795	30	1,279	−1,635	34	−462	1,546	313	204
1977 *1*	3,371	35	1,374	−1,647	23	−940	2,032	540	−8
2	3,015	20	1,343	−1,132	−118	−760	1,692	432	−114
3	3,180	31	1,343	−1,389	−268	−158	1,868	−363	310
4	4,050	−4	1,448	−1,638	−329	−643	2,598	−407	419
1978 *1*	3,485	65	1,470	−2,002	−398	−612	2,080	292	640
2	4,243	83	1,589	−1,728	−363	−440	2,737	−219	13
3	4,556	74	1,719	−2,298	−80	−188	2,911	−241	−104
4	4,930	65	1,716	−1,849	−145	−943	3,279	−546	204
1979 *1*	4,942	25	1,676	−2,106	− 15	−1,567	3,291	1,238	−841
2	4,292	71	1,800	−1,639	−344	−830	2,563	575	−325
3	5,788	26	1,960	−1,832	32	−1,273	3,854	220	−1,001
4									

[1] Excluding financial transactions in writing-off debt.
[2] Before providing for depreciation stock appreciation and addition to reserves.
[3] Comprises gross domestic fixed capital formation and increase in value of stocks and work in progress.
[4] This balance is equal to saving *plus* capital transfers *less* gross domestic fixed capital formation *less* increase in value of stocks and work in progress.
[5] Equals, apart from the change in sign, the current balance of payments accounts, *plus* capital transfers.
[6] The residual error in the national income accounts.


£ million, seasonally adjusted
Financial surplus
Financial deficit
Personal sector
Overseas sector
Industrial and commercial companies sector
Public sector
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
—500
—1,000
—1,500
—2,000
—2,500
—3,000
—3,500
1974
1975
1976
1977
1978
1979

Appropriation account of industrial and commercial companies

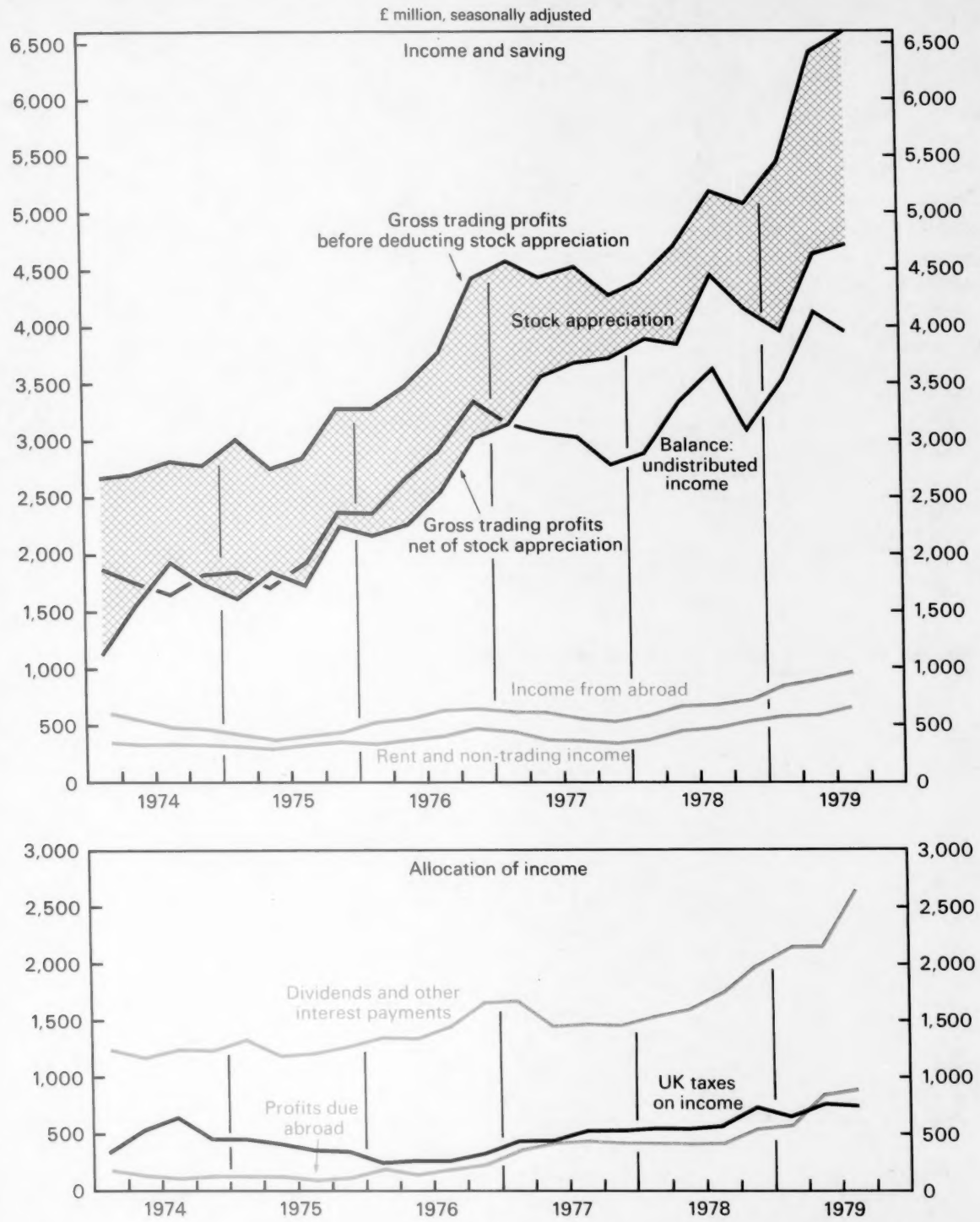
£ million Seasonally adjusted

	Income							Allocation of income						
		Income arising in the United Kingdom						Dividends and interest, etc.						
		Gross trading profits			Rent and non-trading income									
	Total	After deducting stock appreciation	Stock appreciation	Total[1]	Total	*of which* from financial companies[2]	Income from abroad (net of taxes paid abroad)	Payments of dividends on ordinary shares[3]	Other[3]	*of which* to financial companies[2]	Profits due abroad (net of UK tax)	UK taxes on income (payments)[4]	Balance undistributed income[5]	Taxes paid abroad on income from abroad[2]
1969	7,521	5,579	576	6,155	504	165	862	1,554	1,223	756	259	1,026	3,459	815
1970	7,894	5,588	863	6,451	514	151	929	1,378	1,307	799	322	1,330	3,557	1,037
1971	8,652	6,355	842	7,197	518	135	937	1,530	1,330	792	397	1,143	4,252	1,331
1972	9,821	7,092	1,075	8,167	628	196	1,026	1,524	1,529	969	549	1,036	5,183	1,589
1973	12,680	7,430	2,290	9,720	1,021	501	1,939	1,638	2,394	1,806	665	1,156	6,827	2,357
1974	14,474	6,318	4,706	11,024	1,307	697	2,143	1,469	3,376	2,716	525	1,985	7,119	4,008
1975	14,857	7,658	4,262	11,920	1,296	621	1,641	1,603	3,352	2,674	447	1,566	7,884	3,451
1976	18,966	10,009	4,994	15,003	1,604	814	2,359	1,852	3,875	3,156	744	1,160	11,335	4,111
1977	21,704	14,101	3,769	17,870	1,519	654	2,315	2,242	3,794	3,068	1,631	1,955	12,082	3,879
1978	23,958	16,378	3,087	19,465	1,837	854	2,656	2,695	4,144	3,480	1,769	2,419	12,931	3,597
1974 *1*	3,632	1,105	1,582	2,687	338	192	607	432	800	647	170	341	1,889	943
2	3,600	1,542	1,180	2,722	320	170	558	355	820	657	126	538	1,761	1,073
3	3,641	1,929	890	2,819	328	173	494	357	864	691	103	651	1,666	1,018
4	3,601	1,742	1,054	2,796	321	162	484	325	892	721	126	455	1,803	974
1975 *1*	3,736	1,615	1,391	3,006	310	151	420	431	879	711	125	457	1,844	929
2	3,429	1,849	915	2,764	295	131	370	377	810	641	122	412	1,708	879
3	3,590	1,937	916	2,853	330	158	407	389	811	637	95	348	1,947	881
4	4,102	2,257	1,040	3,297	361	181	444	411	852	685	105	349	2,385	762
1976 *1*	4,154	2,181	1,104	3,285	342	159	527	487	858	672	196	247	2,366	974
2	4,434	2,268	1,220	3,488	378	181	568	431	887	709	135	292	2,689	984
3	4,826	2,551	1,245	3,796	406	204	624	449	972	787	193	290	2,922	1,045
4	5,552	3,009	1,425	4,434	478	270	640	485	1,158	988	220	331	3,358	1,108
1977 *1*	5,650	3,133	1,464	4,597	442	230	611	572	1,108	915	347	457	3,166	993
2	5,417	3,563	881	4,444	369	156	604	508	940	760	427	456	3,086	1,004
3	5,462	3,695	842	4,537	363	145	562	555	912	734	439	520	3,036	910
4	5,175	3,710	582	4,292	345	123	538	607	834	659	418	522	2,794	972
1978 *1*	5,382	3,897	521	4,418	371	141	593	702	824	640	411	550	2,895	848
2	5,866	3,849	903	4,752	444	203	670	621	974	810	402	539	3,330	905
3	6,369	4,479	720	5,199	485	235	685	612	1,117	946	416	590	3,634	940
4	6,341	4,153	943	5,096	537	275	708	760	1,229	1,084	540	740	3,072	904
1979 *1*	6,864	3,951	1,482	5,433	582	292	849	738	1,417	1,249	562	653	3,494	1,183
2	7,905	4,646	1,774	6,420	588	291	897	739	1,416	1,257	847	782	4,121	1,134
3	8,236	4,720	1,884	6,604	669	343	963	1,042	1,596	1,462	894	771	3,933	1,142

Percentage change, quarter on corresponding quarter of previous year

1978	*1*	− 4·7	+24·4	−64·4	− 3·9	−16·0	− 38·7	− 3·0	+22·7	−25·6	−30·1	+ 18·4	+20·4	− 8·6	−14·6
	2	+ 8·3	+ 8·0	+ 2·5	+ 6·9	+20·3	+ 30·1	+10·9	+22·2	+ 3·6	+ 6·6	− 5·9	+18·2	+ 7·9	− 9·9
	3	+16·6	+21·2	−14·5	+14·6	+33·6	+ 62·1	+21·9	+10·3	+22·5	+28·9	− 5·2	+13·5	+19·7	+ 3·3
	4	+22·5	+11·9	+62·0	+18·7	+55·7	+123·6	+31·6	+25·2	+47·4	+64·5	+ 29·2	+41·8	+10·0	− 7·0
1979	*1*	+27·5	+ 1·4	+184·5	+23·0	+56·9	+107·1	+43·2	+ 5·1	+72·0	+95·2	+ 36·7	+18·7	+20·7	+39·5
	2	+34·8	+20·7	+ 96·5	+35·1	+32·4	+ 43·4	+33·9	+19·0	+45·4	+55·2	+110·7	+45·1	+23·8	+25·3
	3	+29·3	+ 5·4	+161·7	+27·0	+37·9	+ 46·0	+40·6	+70·3	+42·9	+54·6	+114·9	+30·7	+ 8·2	+21·5

[1] Before providing for depreciation and stock appreciation.
[2] These items are included solely as memorandum items.
[3] With the introduction of the imputation system of corporation tax from 6 April 1973 payments of dividends, previously shown gross of income tax, appear as actual payments, while the advance corporation tax in respect of those dividends is included in United Kingdom taxes on income.
[4] The residual of all companies payments and financial companies and institutions accruals of taxes on income. Mainly payments of corporation tax (including advance corporation tax from 6 April 1973) and petroleum revenue tax.
[5] Before providing for depreciation, stock appreciation and additions to reserves.


£ million, seasonally adjusted
Income and saving
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Gross trading profits
before deducting stock appreciation
Stock appreciation
Balance:
undistributed
income
Gross trading profits
net of stock appreciation
Income from abroad
Rent and non-trading income
1974
1975
1976
1977
1978
1979
Allocation of income
3,000
2,500
2,000
1,500
1,000
500
0
Dividends and other
interest payments
UK taxes
on income
Profits due
abroad
1974
1975
1976
1977
1978
1979

Sources and uses of capital funds of industrial and commercial companies

£ million

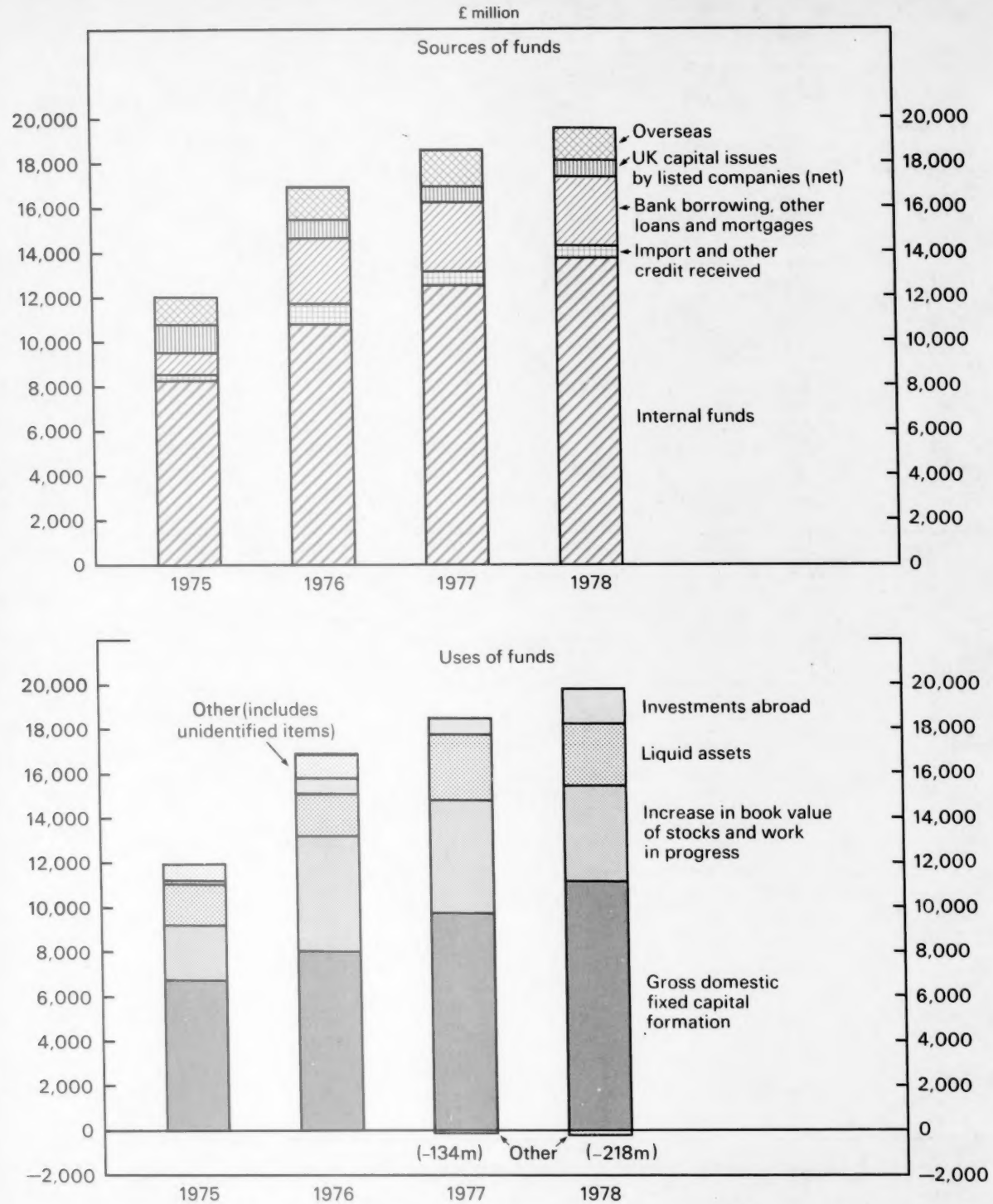
	Sources of funds						Uses of funds					
									Acquisition of financial assets			
	Total	Internal funds[1]	Import and other credit received	Bank borrowing, other loans and mortgages[2]	UK capital issues by listed companies (net)	Overseas	Gross domestic fixed capital formation	Increase in book value of stocks and work in progress	Liquid assets[3]	Investment abroad	Other	Unidentified items (residual)
1974	14,228	7,310	693	4,521	70	1,634	6,057	6,012	145†	825	1,245	— 56†
1975	11,935	8,292	272	943	1,252	1,176	6,770	2,508	1,810	190	1,431	— 774
1976	16,863	10,807	889	2,897	827	1,443	8,028	5,200	1,887	713	2,749†	—1,714
1977	18,368	12,546	558	3,108	662	1,494	9,767	5,067	2,956	712	2,212	—2,346
1978	19,552	13,722	549	3,118	766	1,397	11,180	4,286	2,818	1,486	1,689	—1,907
1976 *1*	3,528	2,655	221	—155	228	579	1,639	933	146	121	695†	— 6†
2	4,169	2,278	242	951	436	262	1,946	1,014	720†	204	962	— 677
3	3,622	2,286	54	794	140	348	2,202	1,401	701	134	68	— 884
4	5,544	3,588	372	1,307	23	254	2,241	1,852	320	254	1,024	— 147
1977 *1*	5,128	3,515	257	749	34	573	2,018	2,057	136	224	8	685
2	4,622	3,017	30	858	344	373	2,486	1,362	537	396	787	— 946
3	3,723	2,731	48	395	182	367	2,472	719	924	56	500	— 948
4	4,895	3,283	223	1,106	102	181	2,791	929	1,359	36	917	—1,137
1978 *1*	5,253	3,603	268	611	30	741	2,586	1,008	438	216	— 49	1,054
2	4,598	3,157	— 6	1,046	348	53	2,793	997	827	131	853	—1,003
3	3,784	3,230	—179	384	268	81	2,815	990	512	384	—151	— 766
4	5,917	3,732	466	1,077	120	522	2,986	1,291	1,041	755	1,036	—1,192
1979 *1*	6,912†	4,163	310	1,863†	213	363	2,613	2,400	—460	765	— 28	1,622
2	7,400	4,535	350	1,544	389	582	2,789	2,091	1,394	173	967	— 14
3	5,361	4,609	114	768	53	—183	3,083	2,258	—200	919	31	— 730
4												

[1] Before providing for depreciation, stock appreciation and additions to reserves and adjusted for unremitted profits.
[2] After addition of 40 per cent of the excess of debit over credit transit items.
[3] Bank deposits are included after subtraction of 60 per cent of the excess of debit over credit transfer items.

Selected liquid assets of industrial and commercial companies

Amounts outstanding at end of period	Deposits with banking sector				Deposits with building societies	Deposits with other financial institutions[2]	Market treasury bills[3]	Tax instruments[4]	British government securities[5]	Local authority temporary debt	Local authority longer-term debt	Total identified	*Bank lending*[6,7,8]
	Sterling certificates of deposits	Dollar certificates of deposit	Other sterling deposits[1]	Other foreign currency deposits									
1975 *4*[9]	270 / 266	86	7,470 / 7,464	1,919	185	136	347†	6	175	459	272	11,325† / 11,315	*18,364* / *18,468*
1976 *1*	240	59	7,414	1,984	222	183	551	13	216	443	277	11,602	*18,463*
2	318	95	7,825	2,013	251	193	699	8	255	425	277	12,339	*19,841*
3	309	143	8,390	2,290	273	203	420	7	257	414	282	12,988	*20,650*
4	342	179	8,520	2,126	289	210	230	7	298 / 289	579	343	13,123 / 13,114	*21,780*
1977 *1*	459	96	8,125	2,546	311	202	293	5	301	477	380	13,195	*22,047*
2	412	275	8,196	2,581	359	225	432	29	336	388	385	13,618	*22,808*
3	421	257	8,812	2,452	399	221	395	354	353	317	378	14,359	*22,997*
4	455	364	9,964	2,199	456	215	206 / 229	479	377 / 435	229	338	15,282 / 15,363	*23,459*
1978 *1*	657	161	10,116	2,555	481	212	315	231	417	280	301	15,726	*23,853*
2[10]	599	116	10,460	3,041	461 / 333	257	230	231	437	291	290	16,413 / 16,285	*25,219*
3	387	115	10,813	2,817	314	354	83	595	445	319	287	16,529	*25,187*
4	378	163	11,506	2,734	293	326	67	709	449	387	269	17,281	*25,974*
1979 *1*	348	145	10,779	2,441	283†	299	66	1,071	523	446	261	16,662	*27,323*
2	395	351	11,440	2,624	319	319	198	1,040	513	432	256	17,842	*28,514*
3	320	326	11,353	2,434	294	294	25	981	697	557	265	17,513	*28,765*

[1] After deducting 60% items in transit. [2] Before 1st quarter 1972, deposits with finance houses. [3] Including unidentified holdings by other sectors.
[4] Tax reserve certificates, tax deposit accounts and certificates of tax deposits, including holdings by financial institutions,other than building societies, which are known to be small.
[5] These estimates are derived from the Department of Industry's survey of company liquidity. [6] See Financial statistics *Explanatory handbook*, page 94.
[7] Including refinanceable export and shipbuilding credits with effect from mid-May 1972. [8] After adding 40% items in transit. [9] The amounts outstanding at end-December 1975 are shown before and after the exclusion of one contributor. [10] The break in series of Deposits with building societies is due to new returns from building societies.


£ million
Sources of funds
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Overseas
UK capital issues by listed companies (net)
Bank borrowing, other loans and mortgages
Import and other credit received
Internal funds
1975
1976
1977
1978
Uses of funds
Other (includes unidentified items)
Investments abroad
Liquid assets
Increase in book value of stocks and work in progress
Gross domestic fixed capital formation
(-134m)
Other
(-218m)
-2,000

Bank lending[1] to UK residents

Seasonally adjusted[2]

£ million

	Lending to public sector			Lending to private sector		
	Total	Sterling	Other currencies[3]	Total	Sterling	Other currencies[3]
Transactions						
1974	701	− 370	1,071	4,671	3,734	937
1975	3,379	3,096	283	122	− 373	495
1976	298	− 136	434	3,386	3,138	248
1977	2,373	1,691	682	4,711	3 492	1,219
1978	− 286	123	− 409	5,805	4,717	1,088
1975 *1*	75	− 223	298	294	335	− 41
2[5]	1,210	1,222	− 12	149	− 90	239
3	1,755	1,755	—	− 101	− 351	250
4[4]	339	342	− 3	− 220	− 267	47
1976 *1*	− 21	− 38	17	350	416	− 66
2	− 376	− 430	54	646	727	− 81
3	901	743	158	1,248	1,096	152
4	− 9	− 214	205	945	702	243
1977 *1*	355	− 148	503	1,284	728	556
2	− 9	− 9	—	1,210	1,051	159
3	934	685	249	940	877	63
4	1,109	1,179	− 70	1,261	820	441
1978 *1*	− 195	34	− 229	861	659	202
2	−1,494	−1,254	− 240	2,122	1,647	475
3	266	326	− 60	1,508	1,189	319
4	1,142	1,022	120	1,309	1,217	92
1979 *1*	−1,335	−1,187	− 148	2,696	2,404	292
2	558	718	− 160	2,869	2,379	490
3	466	613	− 147	2,202	2,157	45
4						

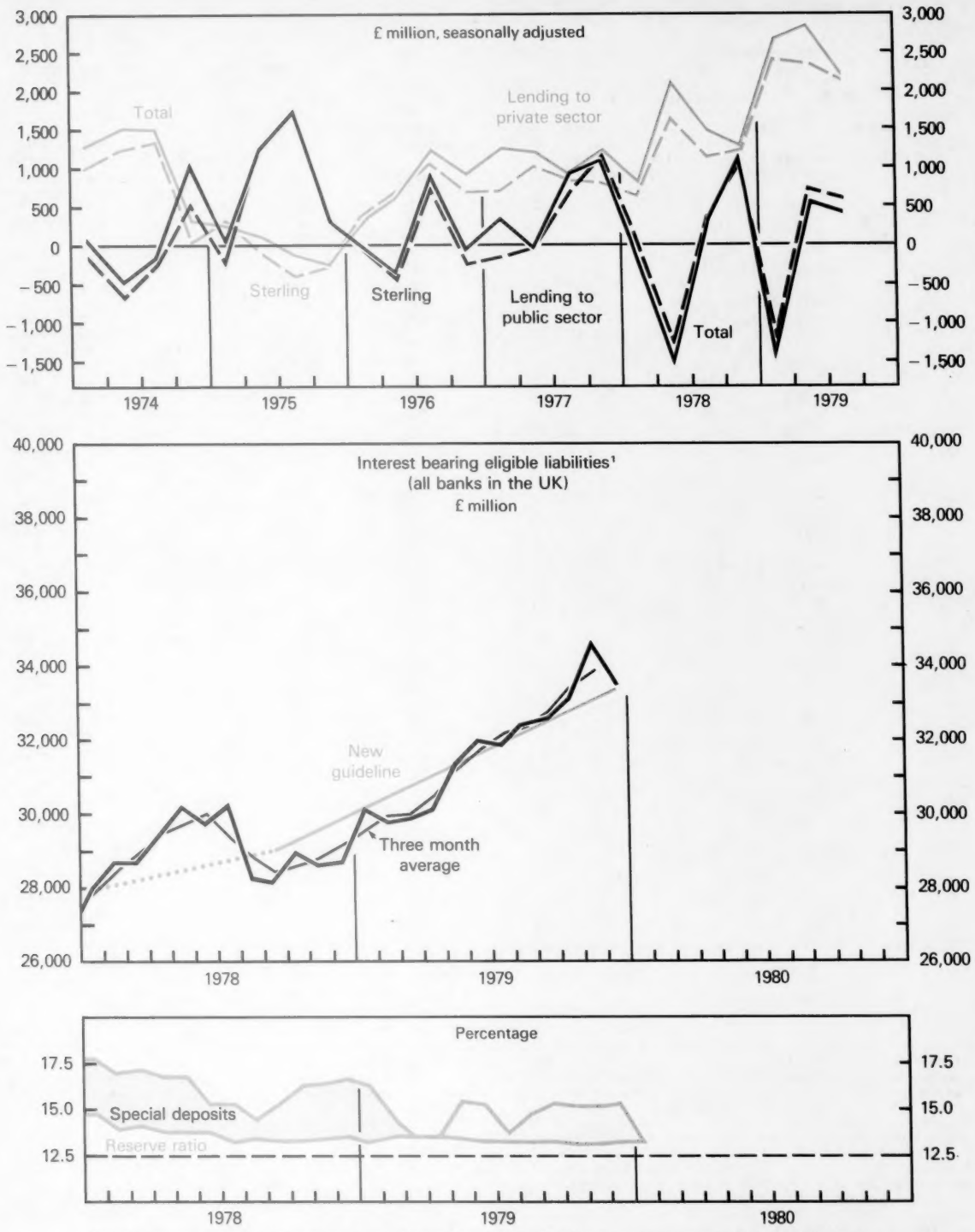
[1] UK banking sector: changes in assets. From the second quarter 1975 transactions have been entered as far as possible on a cash receipts/payments basis
[2] The seasonally adjusted quarterly figures do not necessarily add up to the (unadjusted) figures shown for the year as a whole. This is because, as well as allowing for purely seasonal factors, the adjustments attempt to remove other distortions (such as the effect of the particular days of the week on which a quarter begins and ends), which do not necessarily cancel out over a year.
[3] From the second quarter 1975 changes in foreign currency assets have been adjusted to exclude the effect of movements in exchange rates.
[4] Figures have been calculated to exclude the effect of small changes in the number of contributors to the banking statistics.
[5] Figures have been calculated to exclude the effects of the introduction of new statistical returns.

Banks' reserve ratio

Unadjusted

	£ million		Per cent		£ million		£ million		Per cent		£ million
	Eligible liabilities	*of which:* Interest bearing[1]	Reserve ratio	Special deposits[2]	Supplementary deposits[2,3]		Eligible liabilities	*of which:* Interest bearing	Reserve ratio	Special deposits[2]	Supplementary deposits[2,3]
At mid-month							**At mid-month**				
1977 *A*	35,844	24,010	14·2	3		*O*[4]	44,832	28,889	13·4	3	
M	35,827	23,943	14·0	3	1	*N*	44,635	28,681	13·5	3	1
J	36,278	24,222	14·0	3	—	*D*	45,001	28,733	13·6	3	2
J	37,094	24,671	14·0	3	1	1979 *J*	45,984	30,079	13·3	3	2
A	37,692	25,319	14·5	3		*F*	45,554	29,774	13·6	1	3
S	38,796	25,801	14·5	3		*M*	46,085	29,911	13·6	—	2
O	39,709	26,320	14·5	3		*A*	47,510	30,182	13·6	—	1
N	40,209	26,500	15·1	3		*M*	48,409	31,359	13·5	2	5
D	40,850	26,808	14·8	3		*J*	48,988	31,971	13·3	2	9
1978 *J*	41,678	27,990	14·8	3		*J*	49,156	31,903	13·3	½	2
F	42,225	28,620	14·0	3		*A*	49,863	32,488	13·3	1½	10
M	42,557	28,686	14·1	3		*S*	50,068	32,579	13·3	2	4
A	43,863	29,373	13·9	3		*O*	51,282†	33,160	13·2	2	1
M	44,514	30,107	13·9	3		*N*	52,263	34,532	13·2	2	3
J	44,355	29,719	13·8	1½		*D*	51,647	33,608†	13·3	2	3[5]
J	45,022	30,167	13·3	2		1980 *J*	52,938	35,432	13·2	—	28
A	43,411	28,280	13·5	1		*F*					
S	43,508	28,141	13·4	2		*M*					

[1] Banks in Northern Ireland were excluded up to the first figure for May 1975. [2] Not yet applicable to banks in Northern Ireland.
[3] For details of the activation of the supplementary special deposit scheme between November 1976 and August 1977, see the additional notes to Table 3 in the Bank of England Quarterly Bulletin. The scheme was re-introduced in June 1978, but no payments became due until November 1978.
[4] The addition of National Girobank to this series in October inflated eligible liabilities by £310 million and the reserve ratio by 0·1%; hitherto this bank was outside the normal credit control arrangements. [5] Adjustments to supplementary deposits arising from mid-November figures are made after the mid-December reporting date. The amount due, however, was £19m.



[1] Supplementary special deposits will have to be paid by banks and deposit-taking finance houses, according to growth in excess of the guideline, at rates of 5 per cent (up to 3 per cent excess), 25 per cent (over 3 and up to 5 per cent excess) and 50 per cent (above 5 per cent excess) of interest-bearing eligible liabilities.

Interest rates, security prices and yields

Percentage rate

		Last Friday							Last working day	Average of working days			
		Bank of England's minimum lending rate to the market[1]	Treasury bill yield[2]	Deposits with local authorities (3 months)[3]	London clearing banks: Base rate	London clearing banks: Deposit account: 7 days' notice[4]	Inter-bank (3-month rate)[5]	Sterling certificates of deposit (3 months)	Euro-dollar 3-month rate	Building Societies Association recommended rate on shares[6]	British government securities 2½% Consols yield	*Financial Times* index of industrial ordinary shares (1 July 1935=100): Price index	Dividend yield	Earnings yield[7]
1969		8	7·80	9 – 9 1/16	8	6	9 3/8 – 9 1/2	9 1/8 – 9 1/4	11 3/16	5·00	8·88	419·8	4·43	5·82
1970		7	6·93	7 1/4	7	5	7 1/4 – 7 1/2	7 3/16–7 5/16	7 7/16	5·00	9·16	361·0	4·75	6·54
1971		5	4·46	4 1/2 – 4 5/8	4 1/2	2 1/2	4 3/8 – 4 3/4	4 3/8 – 4 3/4	5 3/16	5·00	9·05	386·2	4·76	6·21
1972		9	8·48	8 3/4	7 1/2	5 1/2	8 1/8 – 9 1/16	8 1/16– 9 1/16	5 1/16	5·25	9·11	503·8	3·26	4·98
1973		13	12·82	16 –16 1/4	13	9 1/2	16 1/16–16 3/16	15 3/4 –16	10 3/4	7·50	10·85	435·6	4·12	..
1974		11 1/2	11·30	13 1/4	12	9 1/2	12 1/2 –12 1/16	12 3/8 –12 1/2	10 1/2	7·50	14·95	251·2	8·23	21·47
1975		11 1/2	10·93	11 1/4 –11 3/8	11	7	11 1/16–11 3/16	11 –11 1/4	6 1/16	7·00	14·66	311·0	6·81	19·49
1976		14 1/2	13·98	14 3/4 –15	14	11	14 1/4 –14 3/8	14 1/16–14 1/4	5 1/16	7·80	14·25	368·0	5·96	17·61
1977		7	6·39	6 3/4	6 1/2–7 1/2	3 1/2–4 1/2	6 9/16– 6 3/4	6 3/4 – 6 7/16	7 1/8	6·00	12·32	452·3	5·42	16·50
1978		12 1/2	11·91	12 3/4 –12 1/2	12 1/2	10	12 7/16–12 3/8	12 3/4 –12 1/2	11 5/16	8·00	12·38	479·4	5·65	16·47
1979		17	16·49	16 1/2–17 1/2	17	15	16 1/2–17 1/16	16 1/16–16 1/2	14 1/2	10·50	11·85	419·8	7·70	18·78
1977	*J*	12 1/4	12·09	12 3/8 –13 3/8	13	9 1/2	12 1/8 –12 3/8	12 –12 1/16	5 1/2	7·80	13·67	374·7	6·01	18·69
	F	12	11·07	11 3/8	11 1/2	8	11 5/16–11 7/16	11 1/4 –11 5/16	5 5/16	7·80	13·47	393·8	5·83	18·77
	M	10 1/2	9·57	9 1/2 – 9 3/8	10 1/2	6 1/2	9 3/4 – 9 11/16	9 5/16– 9 3/8	5 7/32	7·80	12·85	418·2	5·39	16·91
	A	8 1/4	7·64	8 1/8	9	4 1/2	7 11/16– 8 1/16	7 1/2 – 7 5/8	5 1/16	7·80	12·55	415·1	5·51	16·82
	M	8	7·57	7 3/4 – 7 5/8	8 1/2	4	7 1/4 – 7 1/16	7 1/4 – 7 3/4	6 1/16	7·00	12·41	456·7	5·08	15·54
	J	8	7·60	7 7/8 – 8	8 1/2	4	7 3/4 – 8	7 3/4 – 7 13/16	5 5/16	7·00	12·85	450·5	5·19	15·83
	J	8	7·44	7 3/4 – 7 3/4	8 1/2	4	7 3/4 – 7 13/16	7 5/16– 7 1/4	6 1/4	6·70	13·11	443·1	5·37	16·09
	A	7	6·52	6 3/4 – 6 3/4	8	4	6 3/4 – 6 3/4	6 3/4 – 6 11/16	6 3/4	6·70	12·56	478·6	5·23	15·26
	S	6	5·37	5 13/16– 5 7/8	7	3	5 3/4 – 5 15/16	5 7/8 – 5 23/32	6 29/32	6·70	11·52	522·8	5·08	14·98
	O	5	4·53	4 3/4 – 5	6	3	4 5/16– 5	4 5/16– 4 3/8	7 1/2	6·70	10·84	511·9	5·26	15·55
	N	7	6·53	6 3/4	6	3	6 1/2 – 7 1/8	6 3/4 – 6 11/16	7 3/32	6·00	11·04	480·5	5·56	16·72
	D	7	6·39	6 3/4	6 1/2–7 1/2	3 1/2–4 1/2	6 7/16– 6 1/2	6 3/8 – 6 7/16	7 1/8	6·00	10·90	481·6	5·56	16·83
1978	*J*	6 1/2	5·85	6 1/4 – 6 5/16	6 1/2	3	6 5/16– 6 3/8	6 1/8 – 6 1/4	7 11/16	6·00	10·67	482·3	5·57	16·96
	F	6 1/2	6·07	6 3/8 – 6 1/2	6 1/2	3	6 3/8 – 6 3/8	6 3/8 – 6 1/4	7 7/16	5·50	11·21	457·9	5·85	17·74
	M	6 1/2	6·02	6 3/8 – 7	6 1/2	3	6 1/2 – 7	6 1/16– 6 1/16	7 5/16	5·50	11·18	454·9	5·94	17·51
	A	7 1/2	7·12	8 – 8 1/8	7 1/2	4	8 5/16– 8 1/2	8 1/8 – 8 1/4	7 23/32	5·50	11·65	460·9	5·85	17·25
	M	9	8·67	9 1/4	9	6	9 5/16– 9 7/16	9 5/16– 9 1/2	7 13/16	5·50	12·07	476·6	5·58	16·86
	J	10	9·49	9 7/8 –10 1/16	10	6 1/2–7	10 1/16–10 1/4	9 15/16–10 1/16	8 23/32	5·50	12·31	466·1	5·68	16·65
	J	10	9·33	10 1/4 –10 1/2	10	6 1/2–7	9 15/16–10 5/16	9 13/16– 9 15/16	8 17/32	6·70	12·20	472·2	5·62	17·06
	A	10	9·03	9 1/4 – 9 3/8	10	6 1/2–7	9 5/16– 9 3/8	9 5/16– 9 5/16	8 23/32	6·70	12·15	508·8	5·28	15·88
	S	10	9·38	9 3/8 – 9 5/8	10	6 1/2–7	9 5/16– 9 1/2	9 1/2 – 9 5/8	9 5/16	6·70	12·17	516·0	5·21	15·02
	O	10	10·56	10 3/4 –10 7/8	10	6 1/2–7	10 3/4 –11 1/16	10 11/16–11	11 9/32	6·70	12·42	497·5	5·42	15·09
	N	12 1/2	11·91	12 5/16–12 1/4	12 1/2	10	12 1/16–12 1/4	12 1/16–12 3/16	11 3/8	6·70	12·63	476·9	5·86	15·86
	D	12 1/2	11·91	12 3/8 –12 1/2	12 1/2	10	12 5/16–12 3/8	12 3/8 –12 1/2	11 1/2	8·00	12·38	482·4	5·98	15·73
1979	*J*	12 1/2	12·46	13	12 1/2	10	13 –13 1/8	12 5/16–12 11/16	10 21/32	8·00	12·51	474·1	6·10	16·01
	F	14	12·61	13 1/2 –13 3/8	13 1/2	11	12 7/8 –13 5/16	12 11/16–13	10 31/32	8·00	12·63	460·2	6·18	16·16
	M	13	11·78	12 3/8 –12 1/2	13	10 1/2	12 1/16–12 5/16	12 –12 1/8	10 5/16	8·00	11·36	511·5	5·53	14·54
	A	12	11·61	11 11/16–12	12	9 1/2	11 3/4 –11 13/16	11 5/8 –11 11/16	11 1/16	8·00	10·68	537·4	5·37	14·31
	M	12	11·79	11 11/16–12	12	9 1/2	11 11/16–11 13/16	11 3/4 –11 7/8	10 5/16	8·00	11·02	528·5	5·56	14·90
	J	14	13·71	14 –14 1/4	14	11 1/2	13 11/16–14 1/8	13 11/16–13 15/16	11	8·00	11·39	489·5	5·93	15·82
	J	14	13·82	14 1/16–14 1/8	14	11 1/2	14 –14 1/16	13 15/16–14 1/16	11 1/16	8·00	10·88	468·3	6·62	16·92
	A	14	13·77	14 1/4	14	11 1/2	14 3/16–14 5/16	14 1/16–14 1/4	12 1/16	8·75	10·54	467·2	6·95	17·46
	S	14	13·88	14 1/4	14	11 1/2	14 1/8 –14 3/16	13 15/16–14 1/8	12 1/8	8·75	10·75	468·4	6·95	17·75
	O	14	13·83	14 1/2 –14 3/4	14	11 1/2	14 9/16–14 13/16	14 1/2 –14 5/8	15 13/32	8·75	11·07	465·4	7·13	17·55
	N	17	16·8	16 7/8	17	15	16 3/4 –16 15/16	16 3/4 –16 3/4	14 7/16	8·75	11·86	415·9	7·88	19·07
	D	17	16·49	16 13/16–17 1/16	17	15	16 13/16–17 1/16	16 11/16–16 7/8	14 1/2	10·50	11·85	419·8	7·70	18·78
1980	*J*	17	16·38	17 1/4 –17 3/8	17	15	17 1/4 –17 1/2	17 1/8 –17 1/16	14 13/32	10·50	11·41	440·7	7·43	18·42
	F													
	M													

[1] Previously known as Bank Rate. From 13 October 1972 to 24 May 1978, the Bank of England's minimum lending rate was normally set ½% higher than the average rate of discount for Treasury bills established at the weekly tender, rounded to the nearest ¼% above. With effect from 25 May 1978 the rate has been determined by administrative decision with changes normally being announced at 12.30 p.m. on Thursdays; a new rate becomes effective, for lending by the Bank, immediately. For changes in Bank Rate 1932–72 see *Supplement of Definitions and Explanatory Notes* to *Monthly Digest of Statistics (HMSO)*.

[2] Average discount rate expressed as the rate at which interest is earned during the life of the bills.

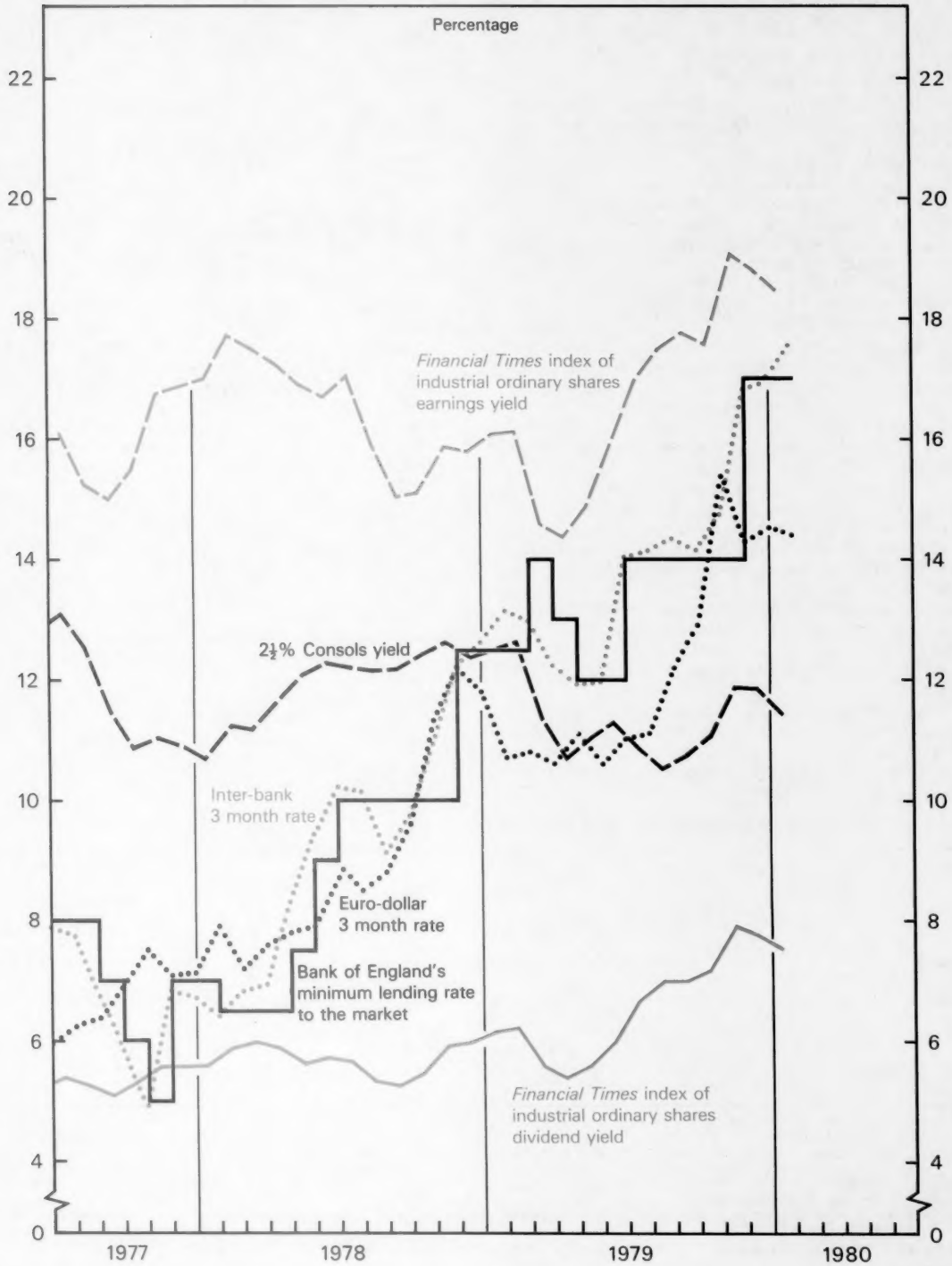
[3] For a minimum term of 3 months and thereafter at 7 days' notice.

[4] Rate paid on deposits of less than £10,000, which was restricted to 9½% from September 1973 to 28 February 1975.

[5] Spread of rates over the day in the inter-bank sterling market.

[6] Net of income tax where this is paid by societies at the agreed composite rate.

[7] A change in basis of calculation of the Earnings yield occurred on 26 February 1973 and is explained in *Financial Statistics Explanatory handbook*. No meaningful average for 1973 is therefore available.


Percentage
22
20
18
16
14
12
10
8
6
4
0
1977
1978
1979
1980
Financial Times index of industrial ordinary shares earnings yield
2½% Consols yield
Inter-bank 3 month rate
Euro-dollar 3 month rate
Bank of England's minimum lending rate to the market
Financial Times index of industrial ordinary shares dividend yield

Cyclical indicators for the UK economy

Recent movements of the indicators

(*data available to 13 February 1980*)

The composite index of *longer leading* indicators for January remained unchanged from the December value, a rise in the FT – Actuaries 500 index just off-setting a rise in short term interest rates (used in inverted form in the index). Housing starts rose again in December. The index has now shown a downward trend, albeit with erratic fluctuations, for 28 months since September 1977. This is about the average duration of peak to trough movements in the index: previous movements have been 31 months (February 1959 – September 1961), 25 months (January 1964 – February 1966), 15 months (December 1968 – March 1970) and 27 months (May 1973 – August 1974).

The composite index of *shorter leading* indicators for December was broadly unchanged from the November value as a fall in new credit extended was offset by a rise in the smoothed series of new car registrations. Wages and salaries per unit of output (inverted in the index) continued to rise in October. The trend of the shorter leading index is probably still downwards.

The composite index of *coincident* indicators edged upwards again in December. This was due to slight rises in the smoothed series for retail sales and the index of manufacturing production which offset an increase in the number of firms reporting below capacity working in the CBI Industrial Trends Survey (used in inverted form). As manufacturing production in January will have been affected by the steel strike and additional values for other series will revise the smoothed values on which the composite index is based, the recent upward movement seems likely to be temporary.

The composite index of *lagging* indicators fell again in January as unemployment rose (used in inverted form) and notified vacancies fell. This seems further evidence that a turning point in this index occurred in the third quarter of 1979.

Definitions[1]

This section shows a reference chronology of peaks and troughs representing growth cycles in the UK economy, together with groups of indicator series which have in the past had a consistent timing relationship with the reference cycle. Growth cycles are defined as cyclical movements in the deviations from a long-term trend; thus, the contraction phase of a growth cycle occurs when the rate of growth is below this long-term value.

The historical reference chronology has been determined by examination of a range of series covering aggregate economic activity. Known special economic and climatic factors were discounted in judging the location of reference turning points. The indicators forming each group have been chosen because they have had a consistent timing relationship to the reference chronology, and because there is an economic rationale to account for this relationship.

A composite index for each group of indicators is formed by subtracting from each series the values of its long-term trend, then taking a simple average of the trend-eliminated series after smoothing, scaling to give cycles of similar amplitude, and inversion where appropriate.

Values and timing characteristics of the composite indices

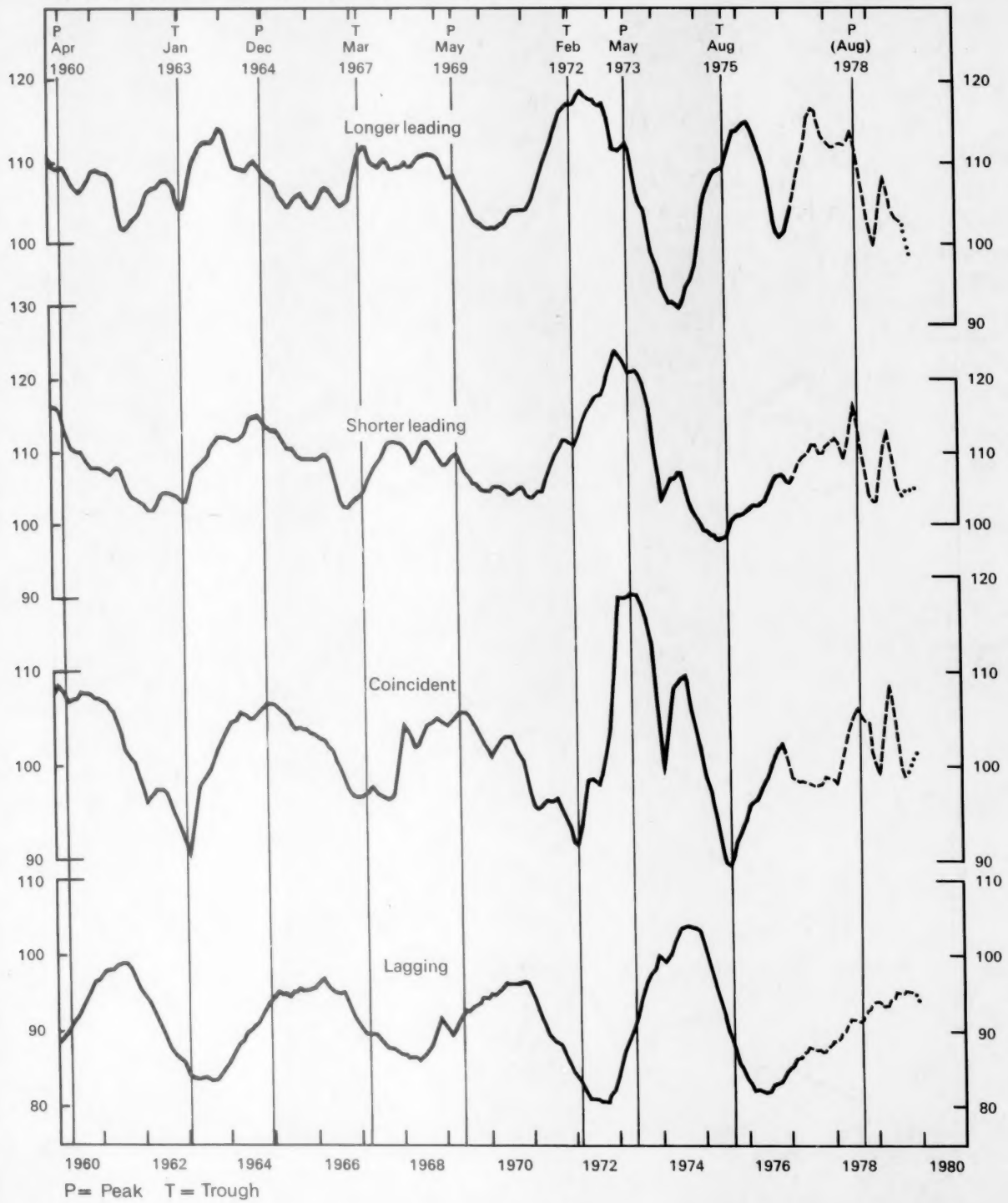
	Most recent values[2] January 1975 =100												Lead (−) or lag (+) in months relative to reference cycle dates		
	1979											1980			
	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Mean	Earliest	Latest
Longer leading ..	99·6	103·0	106·6	108·3	106·1	104·1	102·9	102·8	102·0	99·8	98·5	98·5	−13	−23	−5
	4	*4*	*4*	*4*	*4*	*4*	*4*	*4*	*3*	*3*	*3*	*2*			
Shorter leading ..	103·3	107·6	110·9	113·0	110·8	108·4	104·9	103·8	104·8	104·8	105·2		−5	−12	—
	5	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*3*	*2*	*2*				
Coincident ..	99·0	102·8	105·9	108·5	106·7	104·1	100·0	98·7	99·6	100·4	101·2		+1	− 3	+ 5
	6	*6*	*6*	*6*	*6*	*6*	*6*	*6*	*3*	*3*	*3*				
Lagging	93·5	93·4	94·0	94·6	95·1	95·1	95·5	95·4	95·2	95·1	94·0	92·1	+12	+5	+18
	5	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*3*	*2*	*2*	*2*			

[1] A full explanation of the methodology used is given in *Economic Trends*. No. 257, March 1975 and No. 271, May 1976. Each month a chart of the composite indicators is published with, in the February, May, August and November issues, a further eight pages showing individual indicator series.

[2] In the table, the upper row presents the values of the composite indices for recent months, the lower row the number of series used to form each index. Values of the composite indices are published solely in order to show more precisely the shape of the graphs in recent months. The values are subject to revision each month, both because of revisions to the series from which they are formed and because of the nature of the trend-elimination process used in their calculation; no significance, therefore, should be attached to the current levels of the indicators, although the month-to-month changes may be used as a guide to the location of turning points. On the charts the parts of the curves which are liable to revision in the trend-elimination process are shown in pecked lines; where the composite indices are based on an incomplete set of indicators, the curves are shown as dotted lines. Additional tables giving the values of all series used are available from the CSO Press Office. 01-233 6193.

Cyclical indicators

Composite indices of indicator groups. January 1975 =100

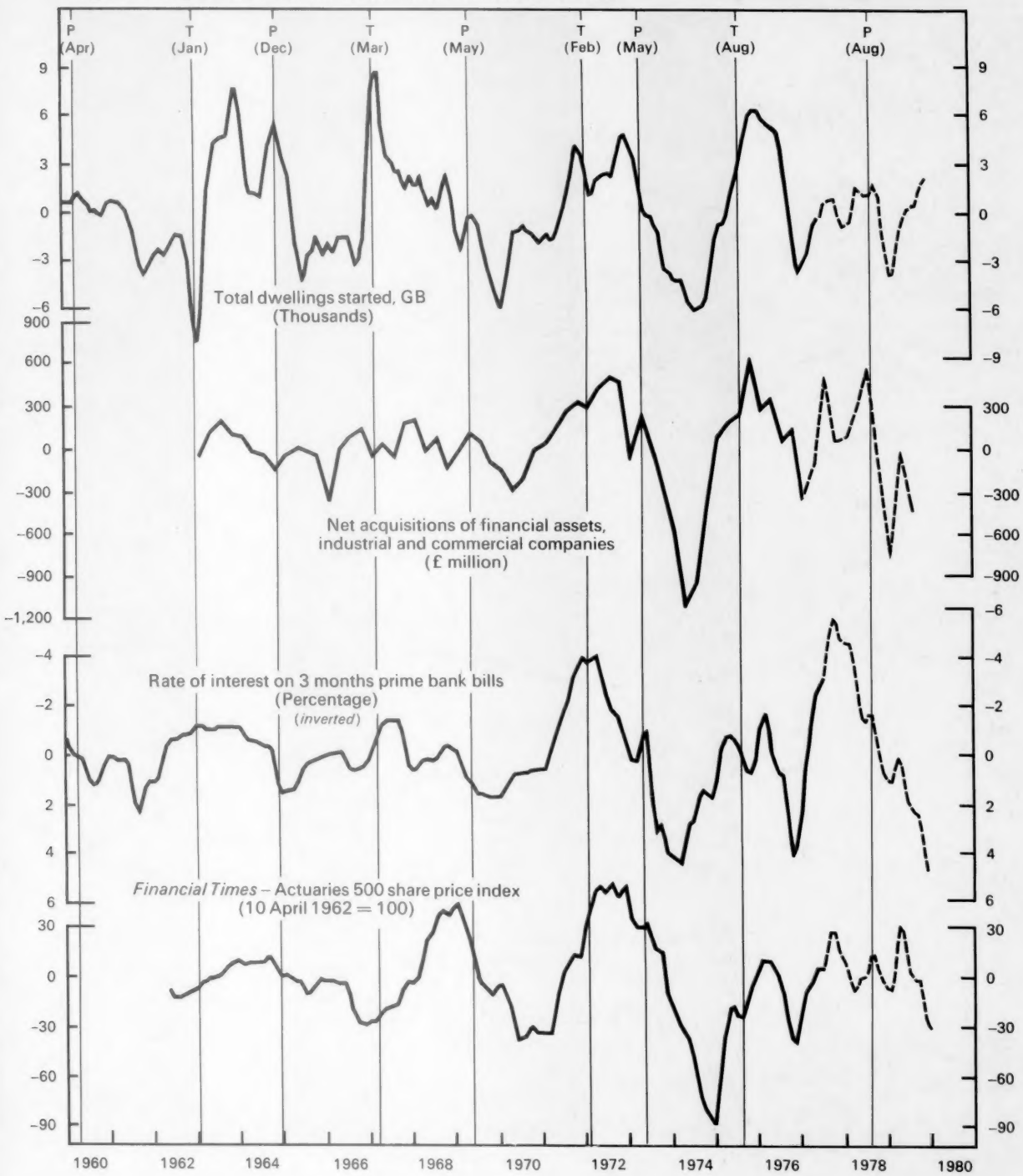


Cyclical indicators by timing classification

Longer leading indicators. Smoothed seasonally adjusted series

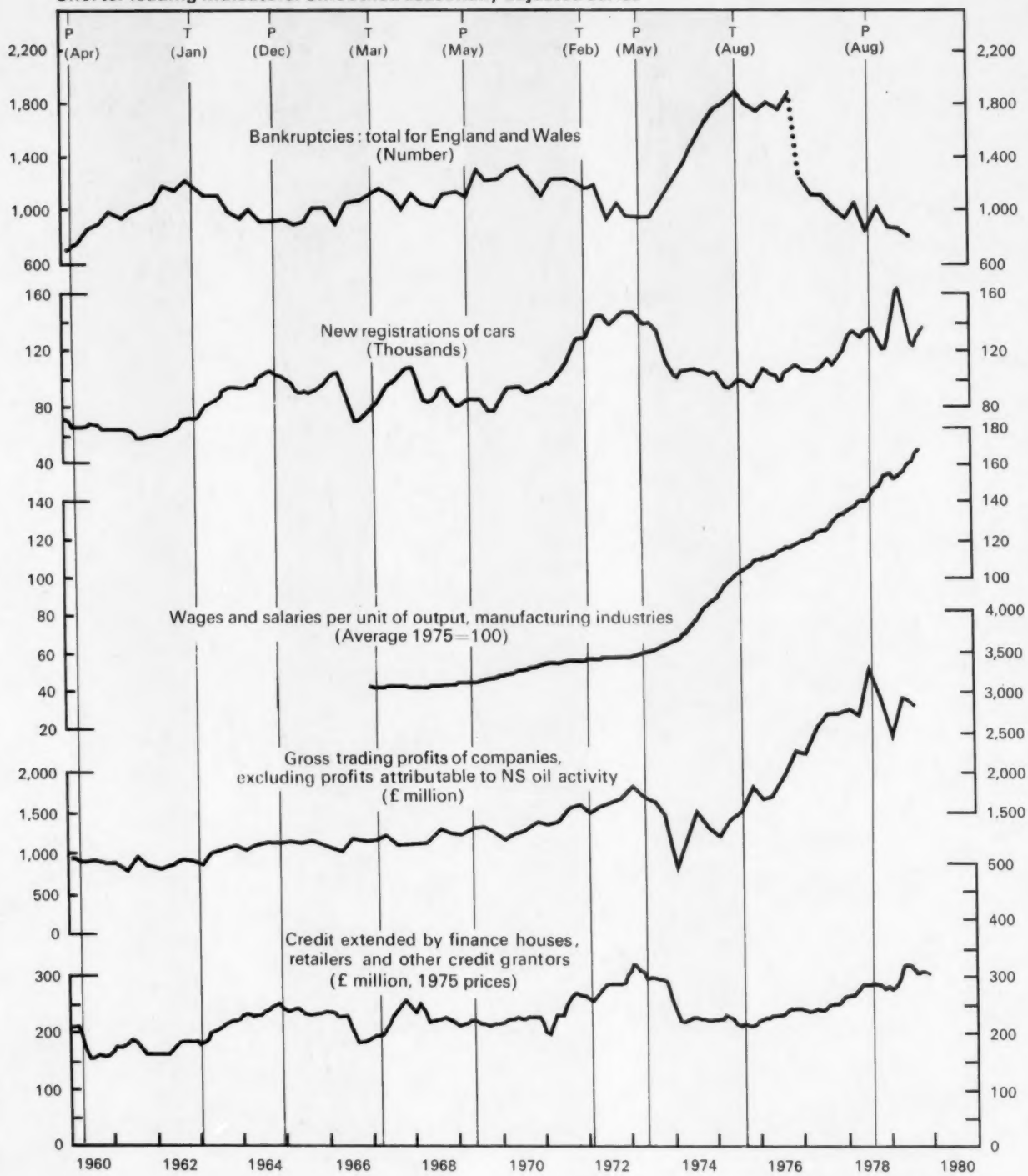
Cyclical indicators by timing classification

Longer leading indicators. Smoothed trend-eliminated series



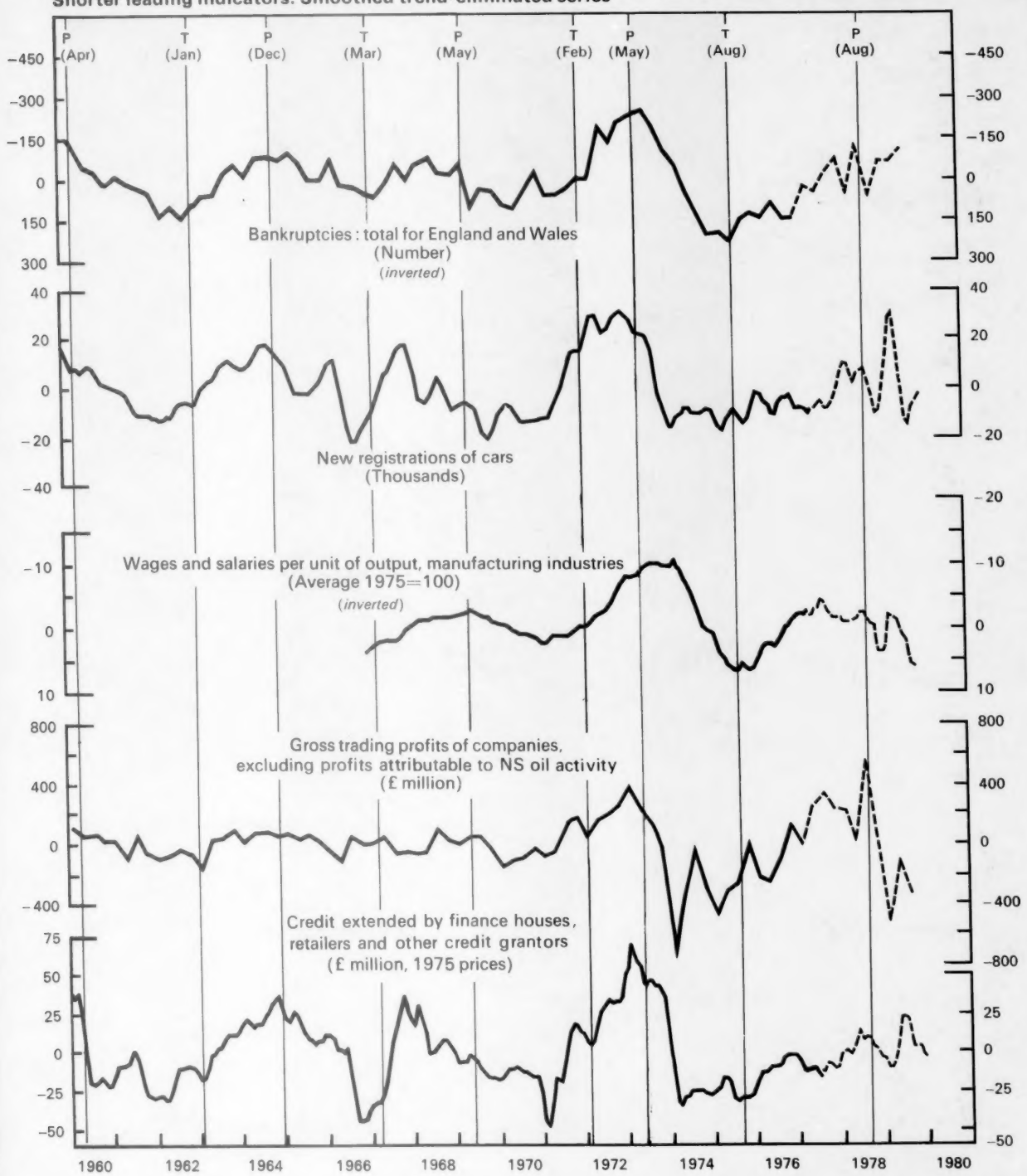
Cyclical indicators by timing classification

Shorter leading indicators. Smoothed seasonally adjusted series



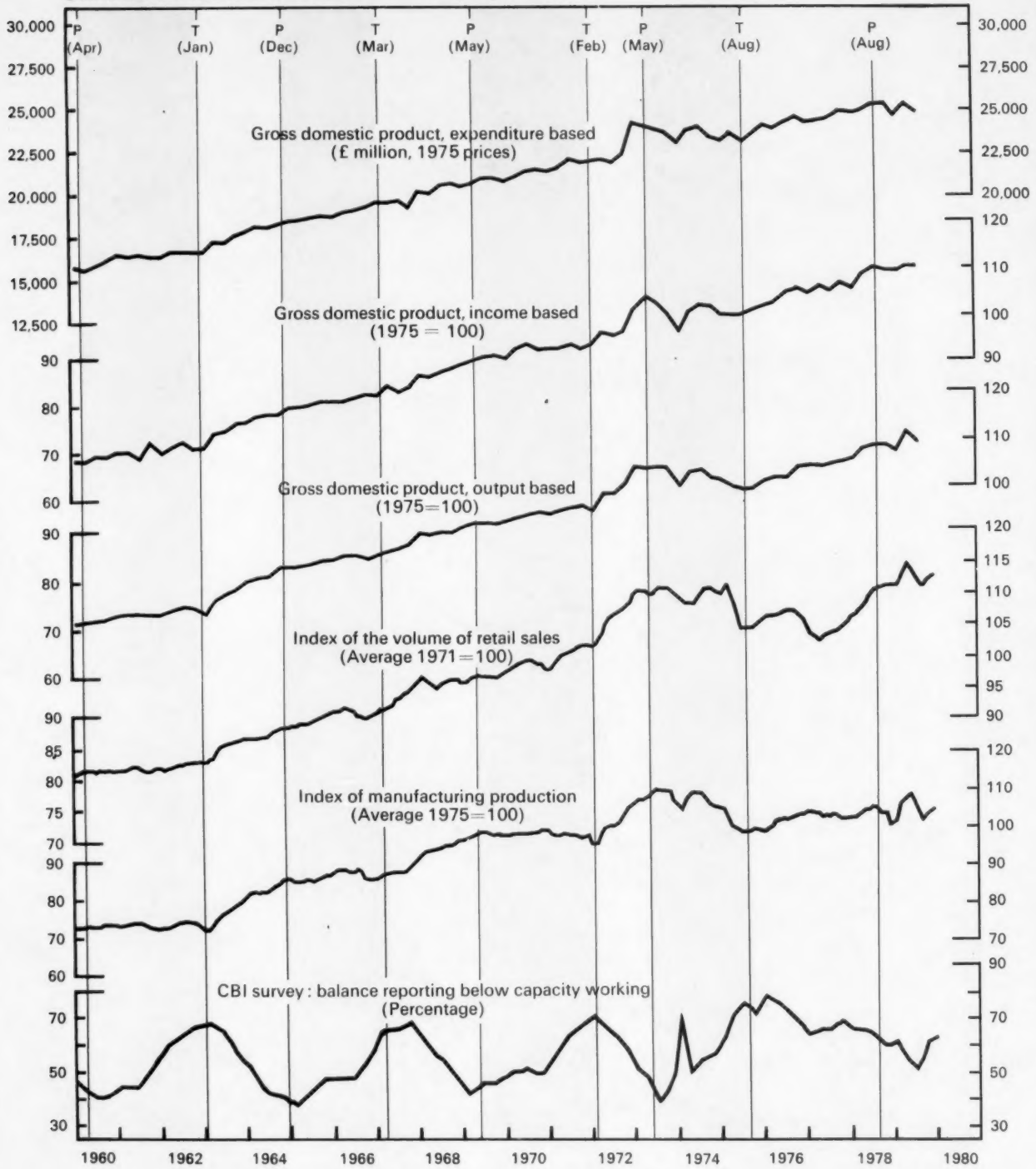
Cyclical indicators by timing classification

Shorter leading indicators. Smoothed trend-eliminated series



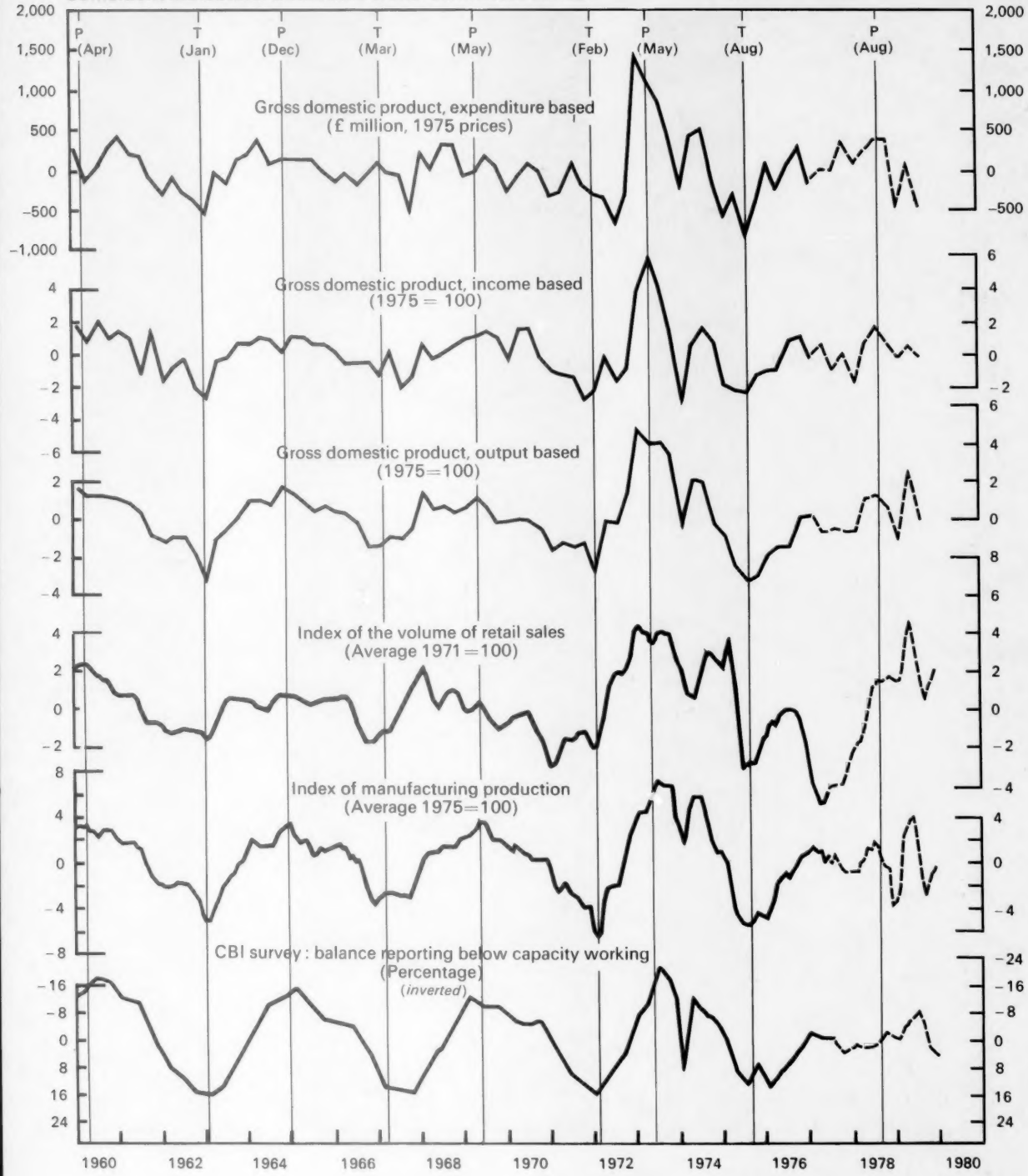
Cyclical indicators by timing classification

Coincident indicators. Smoothed seasonally adjusted series



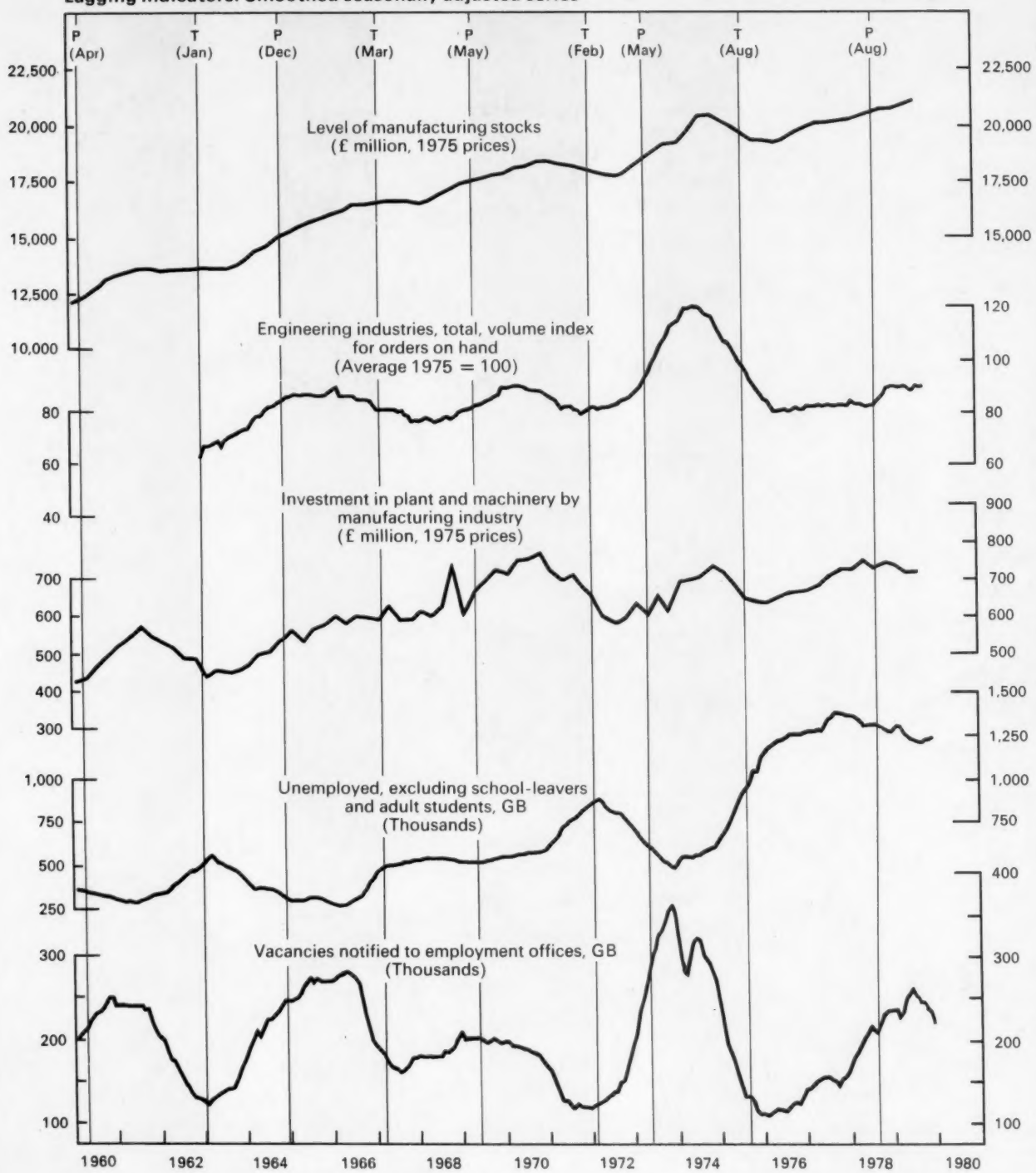
Cyclical indicators by timing classification

Coincident indicators. Smoothed trend-eliminated series



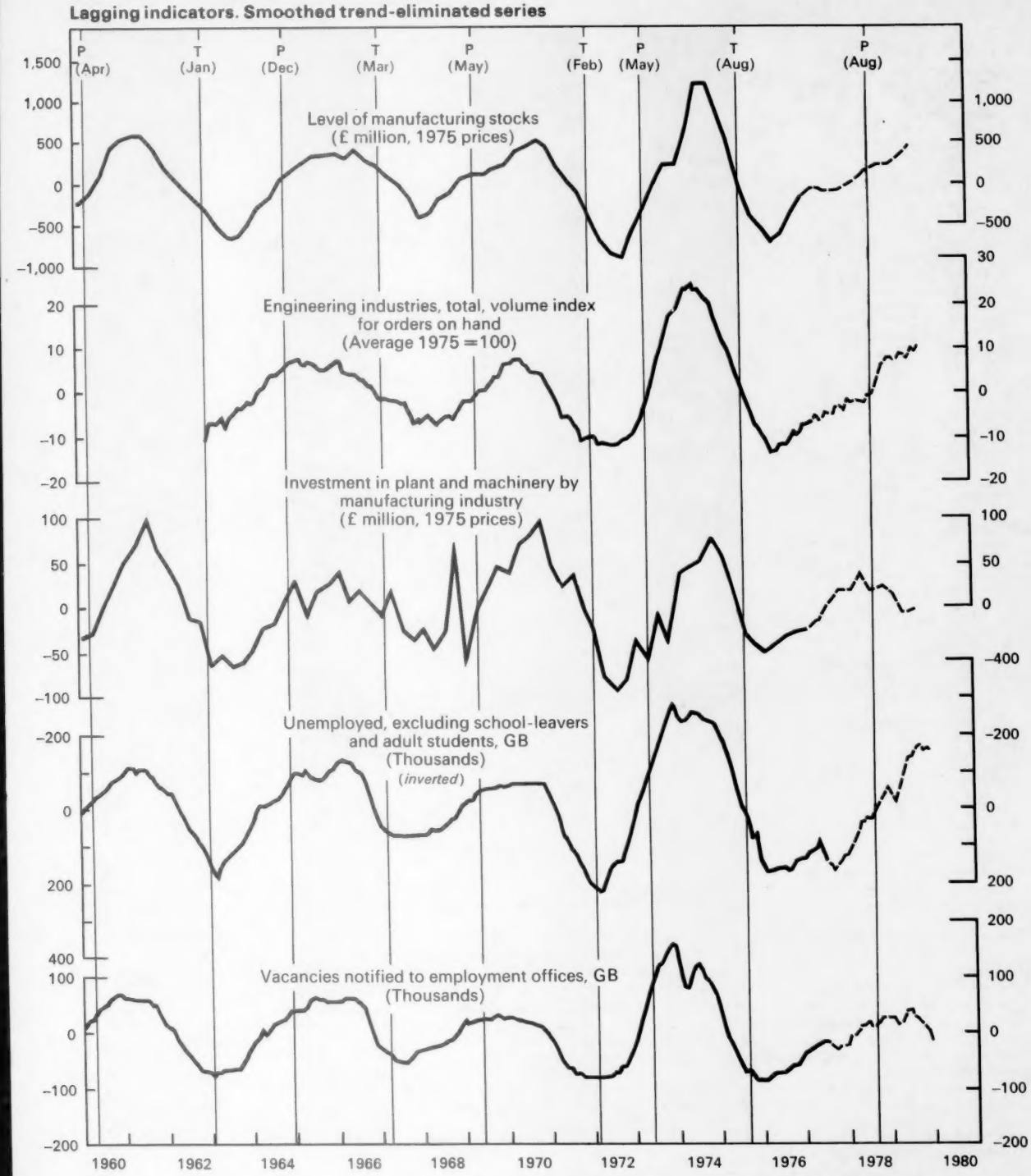
Cyclical indicators by timing classification

Lagging indicators. Smoothed seasonally adjusted series



Cyclical indicators by timing classification

Lagging indicators. Smoothed trend-eliminated series



Measures of variability of selected economic series[1]

	Page	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components at 1975 prices								
GDP, factor cost								
Expenditure based	6	1st quarter 1968 to 2nd quarter 1979	1·4	0·9	0·9	1·1	2	0·5
Income based	6	" " " " " " "	1·3	0·7	0·9	0·8	1	0·8
Output based	6,28	" " " " " " "	1·0	0·6	0·7	0·9	1	0·9
Average estimate	6	" " " " " " "	1·1	0·6	0·8	0·8	1	0·8
Consumers' expenditure	8,10	" " " " " " "	1·2	0·8	0·9	0·9	1	0·9
Fixed capital formation								
Total	8,16	" " " " " " "	1·7	1·3	1·0	1·4	2	0·5
Manufacturing industry	18	" " " " " " "	3·5	2·3	2·3	1·0	2	0·4
Stockbuilding[2]								
Total	8,22	" " " " " " "	*245·0*	*174·8*	*133·1*	1·3	2	0·6
Manufacturing	22	" " " " " " "	*129·2*	*83·8*	*81·0*	1·0	2	0·5
Exports: goods and services	8	" " " " " " "	3·4	2·6	1·8	1·4	2	0·6
Imports: goods and services	8	" " " " " " "	3·1	2·4	1·7	1·4	2	0·6
Personal disposable income	10	" " " " " " "	1·7	1·2	1·2	1·0	1	1·0
Other national income series								
Gross trading profits of companies	60	" " " " " " "	4·8	3·0	3·7	0·8	1	0·8
Other quarterly series								
Construction output	30	1st quarter 1955 to 2nd quarter 1979	2·3	1·3	1·5	0·9	1	0·9
Public sector borrowing requirement[6]	56	1st quarter 1971 to 2nd quarter 1979	*367·4*	*321·6*	*197·6*	1·6	2	0·5
Monthly series								
Retail sales								
Total: current prices	12	January 1961 to December 1978	1·0	0·6	0·7	0·9	1	0·9
Total: constant prices	5,12	" " " " "	0·7	0·6	0·3	2·5	3	0·9
Food shops	12	" " " " "	0·6	0·6	0·2	2·9	3	1·0
Clothing and footwear shops	12	" " " " "	2·1	2·0	0·4	5·4	6	0·9
Durable goods shops	12	" " " " "	1·9	1·6	0·7	2·2	3	0·8
Other non-food shops	12	" " " " "	1·1	1·0	0·3	2·8	3	0·9
Cars: new registrations	12	January 1971 to December 1978	8·1	7·8	1·7	4·6	5	1·0
Housing: public authorities[4]								
Starts	20	January 1956 to December 1978	11·6	11·3	1·7	6·5	6	
Completions	20	" " " " "	7·8	7·7	1·1	6·8	6	
Housing; private								
Starts	20	" " " " "	8·2	7·9	2·3	3·4	4	0·9
Completions	20	" " " " "	6·0	6·0	0·9	6·6	6	1·0
Index of industrial production:								
All industries	5,26,28	January 1973 to April 1979	1·1	1·0	0·5	1·9	3	0·7
Manufacturing industries	26	" " " " "	1·4	1·3	0·5	2·5	3	0·9
Passenger car production:								
Home market	32	January 1968 to December 1978	12·8	12·8	1·5	8·7	6	
Export	32	" " " " "	11·8	11·6	0·9	12·6	6	
Commercial vehicle production:								
Home market	32	" " " " "	9·5	9·2	1·5	6·0	6	
Export	32	" " " " "	10·4	10·2	1·5	7·0	6	
Unemployed excluding school-leavers[5]	5,36	January 1961 to December 1978	*13·1*	*4·3*	*12·0*	0·4	1	0·4
Vacancies notified to employment offices[5]	5,36	August 1960 to December 1978	*5·9*	*2·5*	*5·2*	0·5	1	0·5
Average earnings (older series): production industries and some services	40	January 1963 to December 1978	1·0	0·4	0·9	0·5	1	0·5
Exports: value, f.o.b.	48	January 1964 to December 1976	3·1	2·7	1·3	2·0	2	0·9
Imports: value, f.o.b.	48	" " " " "	2·9	2·6	1·4	1·9	2	0·9
Money stock (sterling M_3)[3]	5,52	July 1971 to December 1977	1·3	0·6	1·2	0·5	1	0·5
Domestic credit expansion[3]	54	July 1971 to September 1977	94·1	73·3	17·9	4·1	5	1·0

[1] For a complete description of these measures see article 'Measuring variability in economic time series' in *Economic Trends*, No. 226, August 1972. The following are brief definitions of the measures.

$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.

$\overline{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.

$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes [2], [3], [5] and [6].

$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.

[2] The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of £ million. At present seasonal adjustment of the published stocks series is done multiplicatively on the level of stocks.

[3] Although the series is seasonally adjusted additively the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are presented as percentages of the level of the trend in the preceding quarter.

[4] Series relate to Great Britain, though variability measures calculated from England and Wales component.

[5] The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of thousands.

[6] The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and C are differences in units of £ million.

Articles

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A glimpse of the hidden economy in the national accounts

KERRICK MACAFEE, Central Statistical Office

Reports and anecdotal evidence from this country and others suggest that tax evasion and other fraudulent behaviour have reached epidemic proportions. It is alleged that for some economies the size and growth of unreported economic activity have impaired the credibility of official statistics. How do we fare? Have statistics of economic activity been corrupted here? This article sets out to describe within the framework of the national accounts the activities that constitute the hidden economy and the difficulties surrounding the estimation of its size and reputed growth.

Description of the hidden economy

A number of terms have been employed to describe the sum total of hidden transactions: cash, black, hidden, unofficial, informal, dual, unrecorded, moonlight, twilight and underground. One frequently-used term, cash, is particularly unsuitable as hidden transactions can be conducted without money changing hands or by the use of undisclosed bank accounts. Furthermore, since the range of transactions relevant to the national accounts covers legal untaxed transactions as well as tax evasion and other frauds, the term 'hidden economy' is preferred in the present context. More precisely, the hidden economy is defined for national accounts purposes as being 'the economic activity generating factor incomes* which cannot be estimated from the regular statistical sources used to compile the income measure of gross domestic product'. Throughout this article these types of income are described as 'concealed' incomes. The term in this context is different from the concept of concealed transactions as seen by the Inland Revenue whose main concern is tax revenue. A comparison with the black economy as defined by the Inland Revenue is provided at the end of the article.

The income and expenditure-based measures of gross domestic product (GDP) at current prices result from two almost wholly independent methods of estimation. The income measure of GDP is the sum total of factor incomes arising from United Kingdom productive activity, whilst the expenditure measure is the sum total of final expenditures on United Kingdom production. For any given period, the two measures should, by definition, be equal to each other since the value of each final transaction can be measured either by the sum of money spent on the good or service by the final purchaser or by the identical sum of incomes generated in producing it. For example, production of apples grown in the United Kingdom can be measured either from sales by greengrocers and other retailers or by the income earned from those sales which accrue to the retailer, wholesaler, farmer and others. Adjustments for exports and the import and tax content of sales are made in compiling the expenditure measure of GDP so that it represents expenditure on United Kingdom productive activity, which equals the income arising from that activity.

The Inland Revenue is the main source of data in the compilation of the income measure of GDP. Estimates of the largest component, the United Kingdom wages and salary bill, are primarily based on tax forms prepared by employers† (except for the latest quarters when more timely indicators from the Department of Employment are used). The estimates of the expenditure measure of GDP are derived mainly from a wide range of industrial and household surveys designed specifically for statistical purposes and from central government and local authority accounting data. The two estimates of GDP for any one year will inevitably contain some inaccuracies and are unlikely to be exactly equal in value. It is believed that estimates of items of final expenditure are unbiased since there is little reason for respondents to the Family Expenditure Survey or other inquiries to disguise or exaggerate expenditure, except in the case of sensitive items of household expenditure such as alcoholic drink. (Expenditure on tobacco and alcoholic drink is estimated from Customs and Excise data on duties paid rather than from replies to the Family Expenditure Survey.) Since it is not illegal for the receiver of the service to pay cash, for example to window-cleaners and house repairers, whether or not there is an understanding that a higher price would be charged for payment by cheque, it is supposed that these types of payments would not normally be concealed from FES interviewers especially since the sums involved may often be small. Thus, the expenditure estimate of GDP is regarded as an unbiased estimate of the value of all transactions apart from some illegal, immoral or sensitive items wherever special steps are not taken to cover the expenditure. In contrast, the income measure is dependent to a large extent on income data supplied to the Inland Revenue‡ and it is possible that the levels of reported income may fall short of true income levels especially for some of the self-employed who are themselves responsible for the 'income from main job' part of tax returns which form the basis of the self-employment income estimates.

* Factor incomes are defined as incomes, such as wages and salaries and gross trading profits, arising from the production of goods and services.

† Estimates of the element of wages and salaries not entered in these forms such as the small earnings of married women below the tax threshold are derived from other sources including the United Kingdom income and expenditure household survey known as the Family Expenditure Survey (FES). Self-employment income estimates are initially based on incomes reported to the Inland Revenue by the self-employed. Estimates of the gross trading profits of companies are also provided by the Inland Revenue from accounts submitted by companies operating in the United Kingdom. Other components of the income measure are either small (e.g. imputed charge for consumption of non-trading capital), especially reliable (e.g. employers' contributions and the gross trading surpluses of public corporations) or exactly equal to an item in the expenditure measure of GDP (e.g. the notional rent of owner-occupied dwellings).

‡ An anomaly in the national accounts is that the estimates of incomes of farmers, their families and agricultural workers are not estimated from Inland Revenue data but are taken from the production account for farming carried out each year by the Ministry of Agriculture, Fisheries and Food (MAFF). It is worth noting that a comparison with Inland Revenue data shows that the reported income of self-employed farmers, and the (formally unpaid) members of their families is appreciably lower than the income calculated by MAFF. Part of this shortfall results from differences in definition and timing and, of course, not all farming income would in fact be charged to tax – e.g. the small earnings of farmers wives. Unreported farmers' income has not been regarded in this article as part of the hidden economy as described above. However, it is arguable that it should be included in an overall assessment of the hidden economy.

Estimates of factor incomes derived from sources other than tax data are not believed to be important sources of error, as was explained earlier.

If the main bias in the two estimates of GDP arises from the under-reporting of incomes a comparison of the two initial estimates should reveal that the sum of the recorded factor incomes is less than that for recorded final expenditures. This supposition is indeed correct and comparisons show that the initial estimates of the income measure consistently understate GDP as shown by the expenditure measure. This difference is termed here the 'initial residual difference' (IRD) and for any one year will be affected by three types of error:

a Under-reporting of factor incomes;
b Timing errors: transactions recorded in different time periods by the two parties to the transaction;
c Other errors of estimation such as those arising from the use of samples.

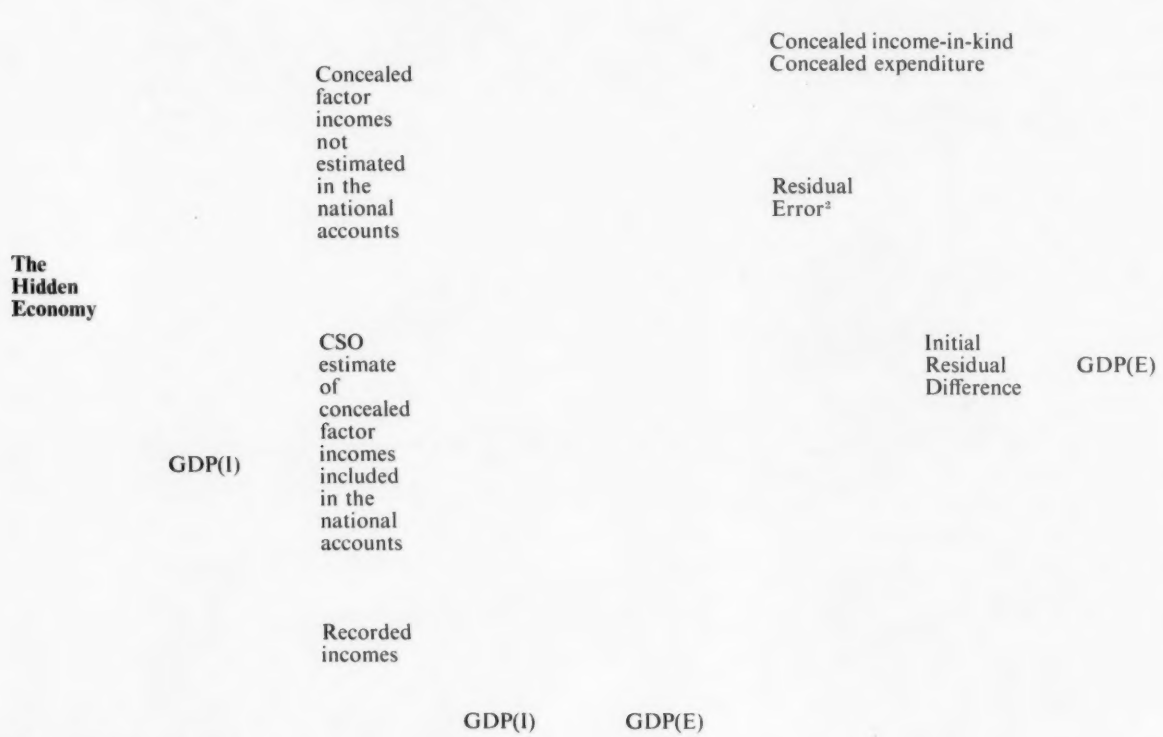
Estimates of final expenditure are sometimes compared with data from alternative sources, and these tests, such as the regular comparison of FES data with data from other household surveys and retail enquiries, confirm that there are little grounds for believing that the final estimation of these categories of expenditure are biased in any particular direction. The timing and other errors are assumed to be random in nature and thus the trend line of the initial residual difference is assumed to represent unreported income. Current national accounts estimates of tax evaded income are mainly based on the average size of this gap.

There are, however, two further parts of the hidden economy that are not represented by the gap between the income and expenditure measures of GDP. These are concealed expenditure (and the income accruing from it) and concealed income-in-kind. Expenditure on illegal drugs and the income of drug sellers would be examples of the first category, whilst the unauthorised, though perhaps condoned, use of office telephones to make private calls would be of the second type.

Another type of concealed expenditure arises from the national accounts choice of data sources. A sample survey of household expenditure like the FES should in principle provide a full account of expenditure by households. For more accurate and timely figures though, inquiries to retailers and others are used for certain items. However, by switching the inquiry point to the vendor rather than the

The hidden economy and the national accounts[1]

DIAGRAM A



[1] Diagram not drawn to scale.
[2] The residual error can be negative or positive. Here it is shown as positive.

buyer, it is possible that the sale of goods by informal producers will be missed. Thus, the informal sale of fruit by the side of country roads will be identified, in principle, by the sample survey called the National Food Survey since this is the normal data source for this type of expenditure. In contrast, the informal sale of home-made wines to friends and neighbours will be missed since expenditure on alcohol is generally more reliably estimated by using Customs and Excise statistics on quantities on which duty has been paid. This type of expenditure, which is missing because of dependence on statistics from official sources and inquiries to established sellers, may be seen in the particular example of articles of clothing produced and sold informally by outworkers, a loss of data which may be exacerbated if the cloth itself is pilfered. In the long-term some of this missing expenditure may be identified when estimates of expenditure obtained from official sources in past years are compared with sample survey statistics of expenditure.

Both concealed expenditure and concealed income-in-kind will not be identified by either the income or expenditure data sources. Diagram A shows the relationship between the hidden economy and the published estimates of GDP(E) and GDP(I) and indicates why the definition of the hidden economy is phrased in terms of factor incomes.

Types of hidden transactions

Diagram B further describes the range of productive activity not included in the preliminary estimates of GDP(I). If perfect information on these activities were available at a low cost they could all be included within a measure of national *economic* welfare. For national accounting purposes this is impracticable since the problems of assessing the values of non-market transactions, including those shown in category A, are large and the errors arising from any estimating process prevent meaningful analyses of short and medium term movements of economic activity.§ With the main exception of owner-occupied and rent-free accommodation for which a notional rent flowing from 'occupier' to 'owner' is imputed, all non-government transactions involving goods and services which are not customarily exchanged for money are excluded from the national accounts measures of economic activity.

At the other end of the scale, a judgement must be taken on the extent to which criminal and 'immoral' activities

§ Nevertheless, for long-term and international comparisons of economic well-being some assessment of these hidden transactions could prove helpful. For instance, in recent years the United Kingdom may have experienced a rapid uncharted increase in economic welfare from increased self-service through greater use of both consumer durables, such as cars and washing machines, and self-service facilities such as supermarkets.

Summary description of the household, formal and hidden economies

DIAGRAM B

	Type of personal gain	Whether part of hidden economy	Some examples (including some types which may belong to more than one category)
A	Working for no remuneration, often thereby avoiding paying others to carry out the work concerned	No. This is outside the boundary of production. It is termed here the household economy	Housework D–I–Y Gardening Voluntary charity work Lift-sharing
B	Working for money, fully declared as necessary to the Inland Revenue	No. This is termed here the formal economy	PAYE earnings, etc.
C	Enjoying a personal benefit and possible tax advantage from 'expense account living', etc.	Yes	Enjoying 5-star accommodation when conducting important business abroad on behalf of employer
D	Receiving remuneration of goods or services greater than their valuation for tax purposes	Yes – to the extent undervalued	Fringe benefits
E	Illegally submitting an incorrect or insufficient tax declaration	Yes	Undeclared income from 2nd job. Self-employed undeclared gross income or overstated expenses. Undeclared earnings e.g. tips. Company tax evasion. Some undeclared barter transactions. Undeclared earnings gained when 'unemployed' or 'sick'
F	Frauds connected with the production of goods and services in the formal economy (not exclusively related to tax fraud)	Yes	Office pilfering. Fiddling of customers or employers by employee. Employment of employees 'off-the-books'. Shoplifting
G	Undeclared criminal or immoral earnings	Yes, in principle	Drug-trafficking Prostitution

should be included in the national accounts definition of the hidden economy. The difficulties of measurement, combined with the incongruity of relating an increase in crime with an increase in economic activity, suggest that the inclusion of crime within the national accounts definition of the hidden economy is problematical and that estimates of value added arising from crime should await better data.

The other types of activities (categories *D*, *E* and *F*) represent the core of the hidden economy, with tax-evaded income earned from legal activities probably accounting for the largest share of unrecorded income. Certainly the present estimates of unrecorded income in the national accounts are implicitly based on estimates of this type of concealed income. However, the other types of activities may also be important, especially since they represent concealed income-in-kind which is not fully allowed for in any of the measures of gross domestic product.‖

An example of the relevance of all types of concealed factor incomes is provided by reference to the various types of expense fiddling. In common with the Inland Revenue, the national accounts need to take account of tax evasion arising from fictitious claims for tax relief on expenses (see category *E* in Diagram B). Less importantly, there is a national accounts interest in the extent to which taxpayers, especially the self-employed, take the opportunity to claim tax relief for genuine, though not always obviously justified, expenses incurred during the course of business. Anecdotal evidence suggests that the self-employed and others sometimes receive full or partial tax relief for expenses that others might have considered to be entirely consumers' expenditure. In some cases also it simply may not be worth a tax inspector's time to argue about small amounts of tax. It is worth noting that an increasing awareness and taking-up of opportunities to reduce tax liability would, if unchecked, unduly depress on the estimates of both GDP(I) and GDP(E)¶ as items of consumers' expenditure were increasingly treated as business expenditure.

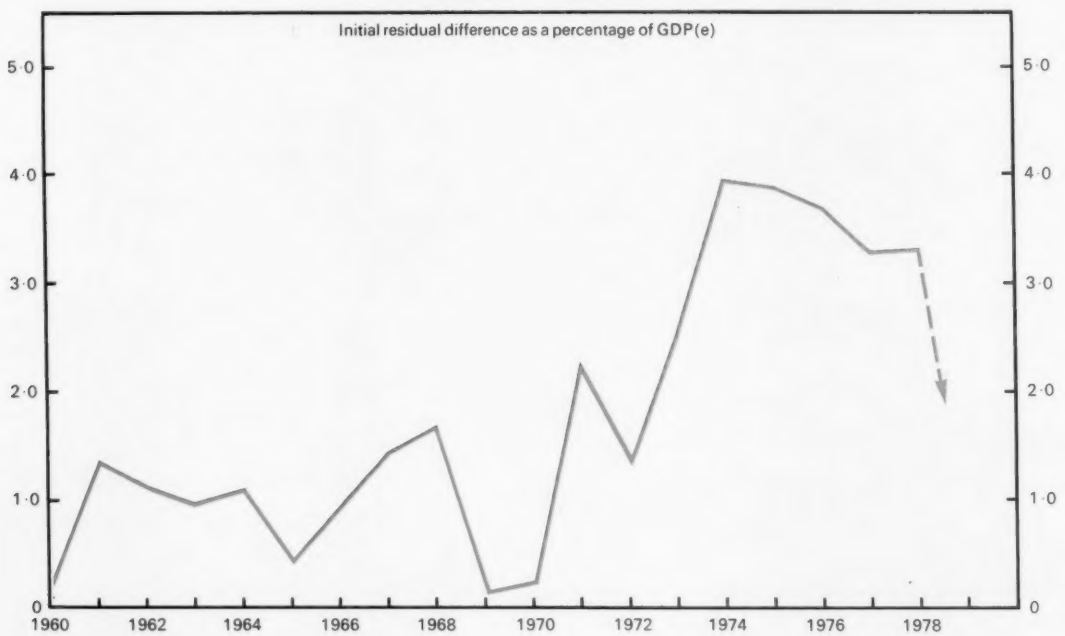
The amount that an employee pockets when he claims to travel first class and instead travels second class is clearly a missing factor income that is part of the hidden economy. Less tangibly, the hidden economy also includes any personal benefit that may arise out of business expenditure (see category *C* in Diagram B). Thus, if a company underwrites the expenses of an employee who considers some or all of the payment to be a perk of the job, or even a welcome or unexpected bonus, then this is a factor income of the employee. Its size is dependent on the employee's valution of its worth.

‖ The impact of any growth of the hidden economy on the output measure of gross domestic product is not discussed in the main text. There are two ways in which the measurement of output may be affected by a growing hidden economy. First, the output measure is, by and large, heavily dependent on formal, often large-scale, inquiries to producers and others and will miss many small businesses and informal producers. If insufficient allowance is made for concealed transactions in this part of the economy then the output measure will not fully reflect the growth of output in the whole economy. Concealed income-in-kind is part of net output, although as the expression suggests it is not easy to identify. Secondly, in some industries production is measured by deliveries with an adjustment for stock changes in work-in-progress and finished goods. If there is a growth in pilfering of the finished and partly finished goods in these industries over a period of time the output indicators for these industries and GDP(O), as a whole, will be depressed.

¶ In the longer-term GDP(O) may also be affected. See footnote ‖.

CHART 1

Initial residual difference



There are a number of conceptual as well as technical difficulties associated with valuing the worth of some of the missing factor incomes described in the previous paragraph. For example, some salesmen may enjoy entertaining potential clients on a lavish scale others may not. It is assumed that this type of missing income-in-kind is not growing at such a rate that special steps must be taken to assess it for national accounts purposes.

As a footnote to this description of the hidden economy it should be noted that some concealed transactions are not treated as part of the hidden economy. Undeclared interest receipts arising from transfers between persons do not constitute missing *factor income,* whereas those received from the company sector are measured as part of company profits before distribution. Plain theft from individuals is also not part of the hidden economy since it is viewed as an involuntary transfer payment between persons. Some frauds, such as working in a legitimate job while drawing sickness benefit, are not part of the hidden economy since employment income will be recorded by the employer. On the other hand, as explained at the beginning of the article, those factor incomes which are not covered merely through lack of proper measurement (for example some earnings of juveniles) are not part of the hidden economy.

Present method of estimating unrecorded income

It has already been explained that the initial residual difference does not fully represent all concealed factor incomes. However it does provide some indication of the size of the hidden economy and its growth. Chart 1 shows the size of the initial residual difference expressed as a percentage of GDP from 1960 to 1978.

The chart shows that the gap between the unadjusted estimates of GDP(I) and GDP(E) widened considerably during the period 1973 to 1978. Although the national accounts adjustments for unrecorded income are largely based on the IRD, this abrupt widening has been discounted to some extent and thus there has been an unusually long sequence of positive residual errors in recent years. This cautious approach appears to have been justified by the provisional estimates for the first part of 1979 in which the quarterly figures all show substantial negative residual errors. A less pragmatic view of the relationship between the initial residual error and unrecorded income would imply that in 1979 the hidden economy contracted, but there is no obvious reason why this should have occurred.

Although the national accounts adjustments for unrecorded income are largely based on the general size of the initial residual difference, advice from other government departments, such as the Inland Revenue, and evidence from production accounts also contribute to the estimation of missing factor incomes. A large part of the estimate is attributed to self-employment income since the income of employees is largely based on returns by their employers under the PAYE scheme.

Self-employment income evasion includes that arising from work carried out by employees working on their own account in a second job. Company profit evasion, mainly in the form of undeclared payments to proprietors, is thought to be relatively small, but it is possible that the allowance at present included is too low.

The following table shows the adjustments included in the 1979 Blue Book estimates.

	£ million		
	1972	1975	1978
Self-employment income	410	1,720	2,760
Wages and salaries	100	320	850
Company profits	25	25	25
All evasion	540	2,070	3,640
GPD(I) at factor cost	54,950	192,610	140,930
As a percentage of published item	**percentage**		
Self-employment income	*8*	*19*	*21*
Wages and salaries	*0·3*	*0·5*	*1·0*
Company profits	*0·3*	*0·2*	*0·1*
All income	*1·0*	*2·2*	*2·6*
Initial residual difference as percentage of GDP(E) at factor cost	*1·4*	*3·6*	*3·3*

Alternative ways of measurement

A number of methods for measuring the hidden economy have been proposed in recent months. One of the most enduring beliefs, especially in the United States, is that the large and increasing amount of cash held by persons indicates a flourishing economy dominated by cash transactions for work carried out 'off-the-books'. In the United Kingdom, it has been estimated that the amount of notes in circulation was equivalent to about £200 per adult in 1979. Certainly the level of cash in circulation has fallen less than might have been expected given the steady increase in payments for goods and services by bank cheque and credit card transactions (see Annex). In recent years the number of higher denomination notes in circulation has risen more sharply than a simple comparison with inflation would suggest (£10 and £20 notes accounted for 24 per cent of the value of notes in circulation in February 1976 and for 48 per cent in February 1979) and this has been cited as evidence of a mushrooming hidden economy. The Annex shows the changes in the notes in circulation and denomination of those notes in recent years.

The significance of changes in the circulation of cash is difficult to assess. The United Kingdom has had a history of paying employees in cash and many covert transactions can be conducted using open cheques or even crossed cheques especially if second bank accounts are employed. The Bank of England consider that the recent increases in the circulation of higher denomination notes are consistent with the public's tendency to economise on the number of notes they carry. The number of notes in circulation varies inversely with the average denomination. Concrete instances of the increasing use of notes of higher denomination in quite open transactions are the agreements between employers and trades unions to include £10 notes in wage packets. Even so the circulation of higher denomination notes would have needed to have risen faster than it did for the average denomination to have kept pace with inflation. The problems surrounding the interpretation of movements in the amount and type of cash in circulation suggest that this cannot be a reliable method of measuring the hidden economy.

If the hidden economy is growing, then it is reasonable to suppose that the numbers in groups who can more easily take advantage of its benefits, should they choose to do so, and those who can best avoid detection – self-employed persons, double job-holders and unregistered unemployed persons – should be increasing. Available data from the General Household Survey are shown below.

	1972–73[1]	1974–76	1977–78
As a percentage of all working:			
Persons with more than one job	3·3	3·2	3·2
Persons self-employed in main job	7·9	8·0	7·7
As a percentage of all economically active:			
Persons unemployed and unregistered	1·0	1·2	1·3
Persons unemployed and registered[2]	2·3	2·7	3·7

[1] Unlike later years, 1972 data include 15 year olds and a small number of full-time students working in the reference week.

[2] This group of persons does not include those who are registered as unemployed yet describe themselves as economically inactive.

Although many persons active in the hidden economy are unlikely to respond to government-sponsored surveys, the data shown above give no indication that more persons are becoming multiple job-holders, self-employed or unemployed and unregistered. Other surveys, such as the Family Expenditure Survey, confirm these stable patterns.

The Family Expenditure Survey covering both the income and expenditure of households throughout Great Britain has been cited as a fruitful source of information on hidden transactions. It is certainly the only present source of expenditure data for goods and services, such as house repairs, which may be carried out to some extent by persons involved in the hidden economy. However, the *income* data in the FES, especially for the self-employed, are subject to respondent and non-response errors. As the income and expenditure data do not cover the same reference periods, comparisons of income and expenditure for various groups like the employed and self-employed tend to be somewhat misleading.

The Inland Revenue is charged with the duty to assess correctly the tax liability of persons and given the size of the problem and the resources available cannot be expected to provide each year evidence of income retained through tax avoidance. Other means must be sought. Estimation of the real value of company perquisites may be assisted by access to recent business surveys concerning this growing phenomenon. The data in published reports will be studied when making future estimates of this type of missing factor income.**

The criminal statistics published by the Home Office for theft and fraud offences are dependent on victims' reports to the police and understate the level of crime. Estimation of this understatement by means of surveys to businesses and households is expensive and methodologically difficult, so it is unlikely that any valuation of the criminal economy can be included in the national accounts for the time being.

All the above-mentioned methods of evaluating the hidden economy are considered rather unpromising. There are three other areas of research that promise to be more rewarding. They are:

a A thorough study of the initial residual difference in order to confirm that the increase in its size in recent years has been primarily due to an increase in concealed income rather than for any other particular reason.

b A specialised expenditure survey concentrating on transactions thought to be imprecisely recorded by the Family Expenditure Survey. This would include payments for house repairs and other jobs, with a special emphasis on work paid for in cash on the understanding that other forms of payment would entail a higher price.

c A long-term, in-depth study of the incomes of persons likely to be concealing income. This type of survey will have to be carried out by experienced, non-government researchers who would need both patience and skill in order to gain the trust of their interviewees. There is no easy method of confirming anecdotal evidence that some types of workers conceal large parts of their income.

The two surveys described above would be costly and are viewed as long-term options. In the meanwhile evidence of the hidden economy will be sought by some of the less costly methods listed earlier.

The size of the hidden economy

In 1978 the national accounts included an allowance of $2\frac{1}{2}$ per cent for tax-evaded income and a further small allowance for concealed income-in-kind, reflecting, in part, the recent high values of the initial residual difference. Apart from the large increases between 1972 and 1975 increases in the adjustments have been modest over the last 20 years.

It has already been argued that factor incomes not declared for tax purposes are likely to form the largest part of the hidden economy and that this may be broadly evaluated by the size of the initial residual difference – $3\frac{1}{2}$ per cent. Even if out-and-out crime is ignored, it seems likely that the hidden economy as a whole is rather larger than this, but perhaps not substantially so. The long-term movements in the initial residual difference suggests that the hidden economy has grown over the last twenty years and especially since 1970, but the overall increase has been unspectacular.

The emphasis within the national accounts on missing factor income rather than lost tax revenue means that the above estimate of the size of the hidden economy cannot be directly compared with the recent comments about the size of the 'black economy' by Sir William Pile, then Chairman of the Board of Inland Revenue. He said that it was not implausible that income not declared for tax purposes (including a small amount of income not liable to tax because of personal, etc. allowances) might amount to $7\frac{1}{2}$ per cent of GDP. As has been shown, the national accounts take note of other types of missing income such as that retained through tax avoidance, as well as income associated with tax evasion. Also, concealed transfer pay-

** It may be noted, in passing, that in answer to a parliamentary question to the Chancellor of the Exchequer on 19 November 1979, it was estimated that the additional tax receipts associated with the figures for scales of car benefits quoted in the Inland Revenue's recent consultative paper on the subject could have amounted to over £300 million in the 1979–80 financial year. The income in kind associated with this tax could therefore reach over £1 billion at present prices. A large part of this income in kind is already included in GDP estimates.

ments that may be liable for tax do not affect the measurement of GDP. And finally, it should also be noted that non-taxable income unreported to the Inland Revenue, such as the small earnings of married women, are not considered hidden since they are not deliberately concealed and are, at least in principle, measurable by survey methods.

Future adjustments

Before the publication of the 1980 Blue Book, minor improvements to the national accounts estimates of some components of the hidden economy, especially concealed income-in-kind, will be attempted.

ANNEX

Notes and coins as a proportion of money stock and gross domestic product

		Cash (%) M1	Cash (%) M3	Cash (%) GDP
End-year	1963	30·7	19·5	7·4
	1964	32·4	20·2	7·4
	1965	33·6	20·1	7·4
	1966	34·4	19·9	7·1
	1967	33·3	18·8	7·0
	1968	32·5	17·8	6·6
	1969	34·1	18·1	6·5
	1970	34·5	18·3	6·5
	1971	32·4	17·5	6·3
	1972	32·2	15·5	6·4
	1973	32·9	13·1	6·0
	1974	34·5	13·5	6·2
	1975	33·8	14·6	5·7
	1976	34·5	14·9	5·4
	1977	32·5	15·5	5·4
	1978	32·3	15·6	5·5

NB: Cash comprises notes and coins in circulation with the public.
M1 is Cash plus sterling sight deposits with institutions included in the United Kingdom banking sector held by the private sector only.
M3 is Cash plus sterling and other currency deposits with institutions included in the United Kingdom banking sector held by United Kingdom residents in both public and private sectors.
GDP in this table is the current price estimate for the whole of the preceding year in terms of the expenditure measure of GDP at market prices.

The value of notes in circulation

	£ million		*Percentage*
	Value of notes in circulation excluding notes in excess of £20[1]	*of which* £10 and £20	
End – February			
1967	2,760	193	*7·0*
1968	2,900	243	*8·4*
1969	3,022	278	*9·2*
1970	3,103	315	*10·1*
1971	3,503	431	*12·3*
1972	3,559	531	*14·9*
1973	4,032	711	*17·6*
1974	4,400	968	*22·0*
1975	5,123	1,212	*23·7*
1976	5,762	1,657	*28·8*
1977	6,497	2,248	*34·6*
1978	7,462	3,024	*40·5*
1979	8,562	4,073	*47·6*

[1] At the time of writing notes larger than £20 are used for internal Bank of England purposes only: a £50 note is expected to be issued during 1980.

Local authority expenditure in England and Wales since 1974/75

PAT STEWART, Department of the Environment*

I. Introduction

This article presents a summary of changes in the expenditure of local authorities in England and Wales since the first year after the re-organisation of Local Government (1974/75), incorporating provisional results for 1978/79. Some of the different definitions of local authority expenditure are then discussed, and are illustrated using statistics of expenditure in 1978/79.

II. Trends in local authority expenditure (England and Wales) since 1974/75

Charts 1 and 2 illustrate the changes in local authority net capital and current expenditure (excluding debt interest) over the 5 years since the re-organisation of local government, in outturn prices and constant (1979 survey) prices. The definitions used in these charts are discussed in section V below.

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The 1978/79 figures are provisional estimates, made from an incomplete sample; the method of estimation is discussed in section III.

In 1978/79 total capital and current expenditure by local authorities amounted to some £15,800 million (outturn prices). This represented an increase of almost 50 per cent in money terms, but a fall of almost 12 per cent in volume, since 1974/75. This fall in volume resulted entirely from a decrease in capital expenditure. Capital investment accounted for about one-third of local authority spending in 1974/75, but only a fifth in 1978/79, both in volume terms and at outturn prices. Indeed, the actual money spent on capital investment was down from nearly £4,200 million (outturn prices) in 1974/75 to about £3,200 million (outturn prices) in 1978/79. By contrast, current expenditure (of which about three-quarters is expenditure on 'wages and salaries') increased by about 7 per cent in real terms (by over 80 per cent in money terms) over the period, although there was a slight fall in 1977/78.

CHART 1

Local authority net current and capital expenditure 1974/75 to 1978/79: England and Wales

At outturn prices

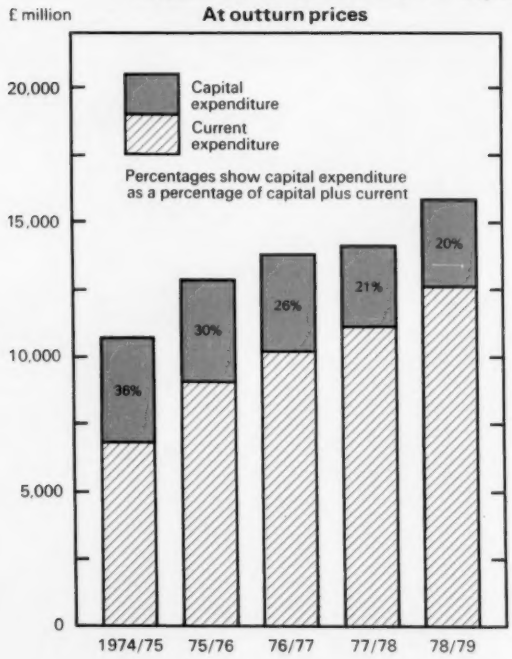


CHART 2

Local authority net current and capital expenditure 1974/75 to 1978/79:

At 1979 survey prices

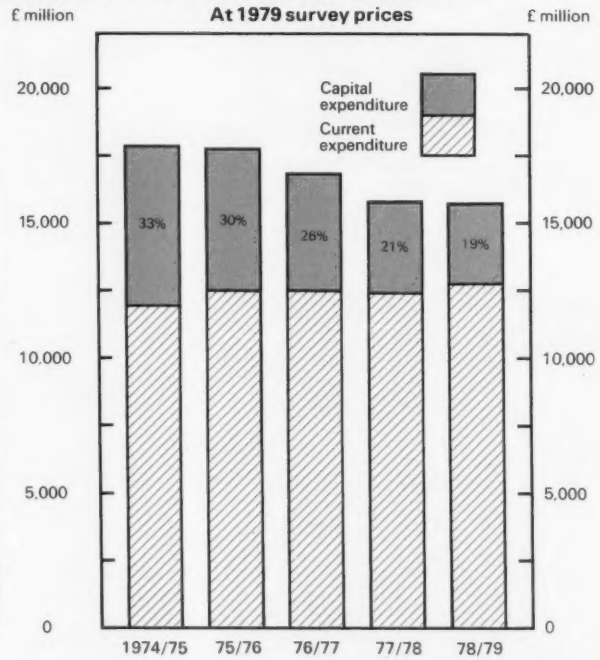


CHART 3

Distribution of net current expenditure at outturn prices

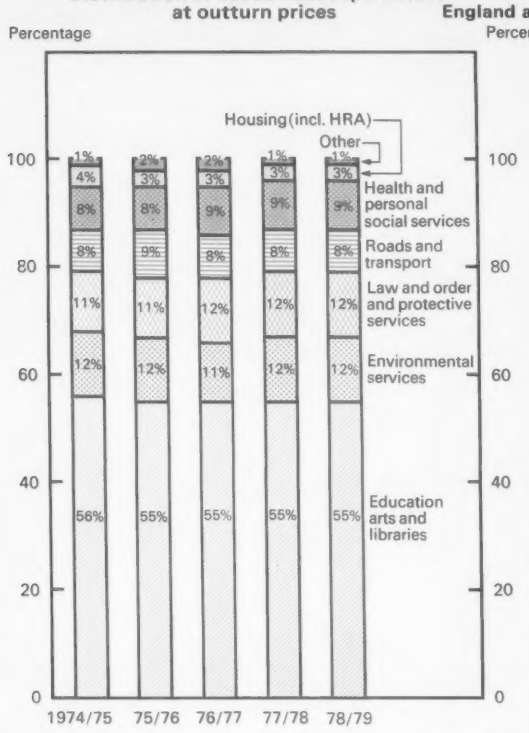
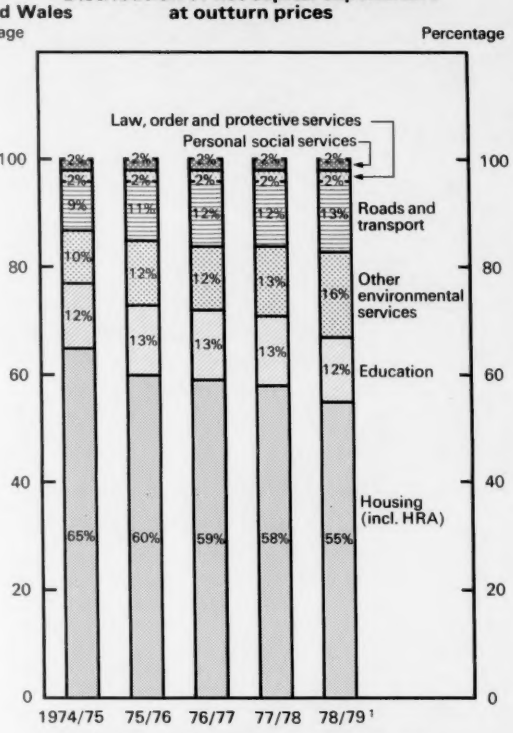


CHART 4

Distribution of net capital expenditure at outturn prices

England and Wales



1 The 1978/79 distribution of expenditure by service is based on slightly earlier estimates than those used for Chart 1, and may therefore be less reliable.

The most notable decline in capital expenditure has been in the net capital cost of local authority mortgages (for house purchase or improvement); in 1974/75 lending to private persons exceeded repayments of principal by £570 million, whereas in 1978/79 such repayments exceeded new lending by about £100 million (outturn prices, provisional), reflecting redemptions of mortgages arranged in earlier years when gross lending was higher.

Charts 3 and 4 illustrate the make-up of net capital and current expenditure by service.

The pattern of (net) current expenditure has remained remarkably stable, with education and related services continuing to account for more than half the total. The pattern of capital expenditure has, however, changed considerably. Housing and related services (including mortgages) still account for more than half the total, but their share fell from 65 per cent in 1974/75 to 55 per cent in 1978/79; there have been corresponding increases for roads and transport, from 9 per cent to 13 per cent, and environmental services (e.g. parks, swimming pools, refuse collection and disposal etc.), from 10 per cent to 16 per cent of total capital expenditure.

III. Availability of statistics on local authority expenditure

Definitive figures for this expenditure are published regularly in *Local Government Financial Statistics*[1], but not until some 15 months after the end of the financial year in which the expenditure occurred. That publication gives detailed figures, derived from returns submitted by almost all local authorities,† for the total expenditure on each service, together with analyses by 'class of authority' (e.g. Counties, Districts, etc.). Earlier publication of these detailed figures is not feasible, since some authorities' returns are delayed by the late closure of their accounts – as a result of back-dated pay settlements, for example. However, it is possible to make reasonably reliable provisional estimates of total expenditure at an earlier stage, albeit at a much less detailed level of analysis. The 1978/79 estimates‡ given in this article have been made using standard ratio estimation procedures, i.e. assuming the expenditure of authorities who have not yet submitted returns has increased over the previous year by the average increase for authorities of the same 'class' who have submitted returns. (Authorities of the same class generally have similar responsibilities.) Past experience suggests that early estimates of total rate fund revenue expenditure made with this level of response are likely to be correct to within ± 1 per cent, but that the range of error may be greater in the case of capital expenditure, which is inherently more variable. Greater variation between provisional and final figures is also likely in the case of individual services.

† The 1977/78 edition was based on a response from authorities responsible for 98–100 per cent of expenditure on most services.

‡ Based on a response varying between 80 per cent and 100 per cent, depending on the service.

It is intended that provisional figures for local authority expenditure should be published at about this time in future years.

IV. Presentation of the local authority account

Local Authority accounts are commonly presented in the form of separate accounts for each of the following 'activities':

i. Rate Fund Services: Revenue Account;
ii. Rate Fund Services: Capital Account;
iii. Housing Revenue Account (HRA);
iv. Capital Expenditure relating to the HRA;
v. Trading Services: Revenue Account;
vi. Trading Services: Capital Account;
vii. Capital and Special Funds;
viii. Superannuation Funds.

Local Government Financial Statistics follows this form of presentation, with separate tables showing the different services within each account.

Both the expenditure and income of each service may include flows of funds respectively to or from other services within the same account: for example, education services may contribute to the cost of sports facilities provided in parks. Many authorities also allocate out part or all of the costs of general administration to other services; where such recharging is practised, it counts as expenditure by the service to which the recharge is made, and as a corresponding income to the other service.

A second form of double counting results from flows of funds between different accounts of the same authority.

A third form of double counting occurs in the local authority sector as a whole because of payments made between authorities.

In the case of capital expenditure, payments between authorities are recorded separately in their accounts, and have been netted off the expenditure figures given in this article. However, in the case of current expenditure, not all authorities record payments to other local authorities, or those between services, separately (although recharging of administration costs *can* be separately identified); this double counting of current expenditure and income can therefore only be avoided by considering *net* current expenditure (see Annex for details). It is, however, possible to correct for double counting of flows between accounts. Thus by appropriate choice of expenditure definitions, it is possible to avoid all these forms of double counting in the sector as a whole.

V. Definitions of local authority expenditure in common use, and their implications

The presentation of local authority expenditure in *Local Government Financial Statistics* has in the past concentrated on showing each account separately, without any aggregation: thus, as a result of the double counting discussed above, the sum of the gross expenditure of the accounts taken together would exceed the total expenditure of the sector.

There are a number of different ways in which some or all of the different accounts can be brought together to show local authority expenditure of a particular type. There are three main *concepts* or types of expenditure in common use (capital expenditure, current expenditure, and revenue expenditure); moreover, different definitions of these types of expenditure are used for different purposes such as the Rate Support Grant (RSG) calculations, Public Expenditure (PES) White Papers,[3] and the National Accounts. The first of these is concerned mainly with the revenue account (since RSG is a grant in support of revenue expenditure), whereas both PES and National Accounts definitions cover capital expenditure also. At present, separate figures for England and Wales are not available on a National Accounts basis, and this article has therefore concentrated on expenditure according to the PES and RSG definitions. Details of the expenditure covered by these two definitions are given in the Annex to this article.

It will be seen that certain items of local authority expenditure are excluded from both the PES and RSG definitions. First, the direct expenditure of superannuation funds is excluded since these are classified to the personal sector. Secondly, the expenditure of capital and special funds is excluded. These funds are in effect used as a 'bank'; the rate fund makes contributions to them, and they in turn make contributions, either as grants or loans, to other accounts to finance capital or other expenditure.

The third exclusion is debt interest payments. In national accounts terms, the expenditure of the local authority sector is defined as equal to capital expenditure plus current expenditure plus debt interest (repayments of principal being taken to reflect capital expenditure previously incurred). Although figures showing debt interest recharged to each separate account are available, it is not at present possible to identify the extent to which these represent payments to outside the local authority sector, rather than internal payments either to other accounts of the same authority or to other local authorities.§

The historical analyses in section II above show only the capital and current expenditure of local authorities, omitting debt interest because of the estimation problems. For net current expenditure the PES definition‖ has been used, since the RSG definition only covers the Rate Fund Account. For capital expenditure a non-standard definition, termed 'RSG' capital expenditure‖ has been used for the reasons discussed in the Annex. These figures for capital and current expenditure can be combined (subject to a small degree of double counting to give total expenditure‖ excluding debt interest, whereas neither (RSG) *revenue* expenditure and capital expenditure, nor the expenditure of each account separately, can be combined without substantial double counting of flows between accounts (see section IV above).

§ For discussion of the use of internal borrowing see the article in November 1979 *Economic Trends*[2].

‖ See Annex.

VI. Detailed examination of provisional results for 1978/79

Provisional figures for the expenditure in 1978/79 of the first seven of the accounts listed in section IV above are given in Tables 1a to 1c. In each case the expenditure is given net of sales, fees, and charges, etc., on the same basis as is used for the RSG and PES definitions of expenditure.‖ Full details of the expenditure and income of each of these accounts in 1977/78 is given in *Local Government Financial Statistics* 1977/78; the corresponding table numbers are indicated in the notes to Tables 1a to 1c.

The tables also show as far as possible the extent to which the gross expenditure of each account includes transfers to another account. It should be noted that the figure for net loan charges (i.e. repayments of principal and interest net of interest receipts) given in Table 1a reflects only those loan charges which have been recharged to the Rate Fund Revenue Account.

Rate Fund Revenue account 1978/79 (England and Wales)

TABLE 1a

	£ million	
	Net expenditure (provisional)	Transfers to other accounts included within gross expenditure (provisional)
Expenditure on:		
RSG net current expenditure	11,696	59[1] 366[2]
Net loan charges (RSG basis)	951	
Rate Fund contributions to capital expenditure:		
(*a*) payments to capital account plus uncapitalised capital expenditure	240	240[3]
(*b*) unallocated contributions to special/capital funds	176	176
(*c*) Transport supplementary grant taken to capital account	150	150
Rate Fund contributions to Housing revenue account	303	303
Total relevant expenditure	13,516	1,294[4]
Expenditure not relevant for RSG purposes	77[5]	—
All revenue expenditure	13,593	1,294[4]

[1] Transfers to trading accounts.

[2] Transfers to special/capital funds allocated to services, either as loan charges or as running expenses (may include uncapitalised capital expenditure).

[3] Some of this expenditure may already be included in [2] above.

[4] May include double counting of uncapitalised capital expenditure (see notes [2] and [3]).

[5] Comprising expenditure on certain Home Office Services together with the cost (net of Central Government grants) of mandatory student awards.

For details of expenditure definitions, see text. For complete account for 1977/8, see Table 7 of *Local Government Financial statistics*.

Other revenue accounts: net expenditure 1978/79 (England and Wales)

TABLE 1b

	£ million	
	Net expenditure[1] of account (provisional)	Transfer to other accounts included within gross expenditure (provisional)
Account		
Housing Revenue Account (HRA)	303	61[2]
Trading services	59	18[3]

[1] Net expenditure is defined as equal to Rate Fund contribution (see Table 1a).

[2] Contributions to HRA capital account including uncapitalised capital expenditure.

[3] Contributions to Trading Services capital account including uncapitalised capital expenditure.

For complete accounts for 1977/78, see *Local Government Financial Statistics*, Tables 16 (HRA) and 18 (Trading services).

Capital accounts: net expenditure 1978/79 (England and Wales)

TABLE 1c

	£ million	
	Net expenditure of account (provisional)	Transfers to other accounts included within gross expenditure (provisional)
Account		
Rate Fund Services (capital)	1,375	—
HRA (capital)	1,697	—
Trading Services (capital)	91	—
Capital and special funds	227[1]	216[2]

For definition of net capital expenditure, see text (section V).

[1] Net of interest receipts (not strictly capital income, but there is no equivalent revenue account in which they could appear) and other income apart from internal transfers.

[2] Net transfers to HRA, Trading Services, capital accounts and other special funds.

For complete accounts for 1977/78 see *Local Government Financial Statistics*, Tables 12, 17, 20 and 23.

Table 2 illustrates the extent of double counting inherent in aggregating capital and *revenue* expenditure; but because of the effect of internal and intrasector borrowing on interest payments (see section V above), the corrected figure for total expenditure which could be derived from this table does not represent the 'true' expenditure of the sector as a whole.

The figures in this table also differ from total capital and current expenditure on a PES basis, not only because of the inclusion of loan charges, but also because special funds are included.

Aggregate expenditure account to illustrate degree of double counting (England and Wales)

TABLE 2

	£ million	
	Net expenditure including transfers to other accounts (provisional)	Transfers to other accounts
Account		
Revenue accounts:		
Rate Fund Services	13,593	1,294[2]
HRA	303	61
Trading Services	59	18
Capital accounts:		
Rate Fund Services	1,375	—
HRA	1,697	—
Trading Services	91	—
Capital and special funds	227	216
Totals	17,345	1,589

[1] Net of sales, fees, etc., see text.

[2] May include some double counting (see notes [2], [3] and [4] to Table 1a) of uncapitalised expenditure; but this will also be included within the direct expenditure of capital/special funds; hence there will be no double counting overall.

Table 3 shows the relationship between RSG and PES definitions of current expenditure, and Table 4 shows the relationship between the definition of capital expenditure used in this article ('RSG' capital) and that used for PES. In each case it can be seen that the expenditure on a PES basis is greater since the coverage of that definition is broader.

Reconciliation of PES and RSG net current expenditure 1978/79 (England and Wales)

TABLE 3

	£ million
	Net expenditure (provisional)
RSG current expenditure	11,696[1]
Non-relevant expenditure net of grants	77[1]
Non-relevant expenditure financed by grants	484[2]
Rate fund contribution to housing revenue account	303
Total PES current expenditure	12,560

[1] See Table 1a.

[2] Rent allowances (85 million) and balance of student awards met by central government grant (£399 million). (There are a few other minor grants but they are negligible.)

[3] Interest receipts on rate fund services (not on revenue balances) are in practice generally netted off current expenditure, not loan charges, for both PES and RSG purposes.

Reconciliation of PES and 'RSG'[1] net capital expenditure 1978/79 (England and Wales)

TABLE 4

	£ million
	Net expenditure (provisional)
'RSG'[1] net capital expenditure	3,163[2]
Less grants to PTEs	−119
Plus expenditure of PTEs	171
PES net capital expenditure	3,215

[1] See Annex.

[2] Rate Fund + HRA + Trading: see Table 1c.

The figures on a PES basis given in these tables and elsewhere in this article may differ slightly from those published in PES White Papers because of differences in the times the estimates were made.

References

[1] *Local Government Financial Statistics England and Wales;* published by HMSO annually.

[2] 'Recent Trends in Local Authority Borrowing'; article by Tony Butler in *Economic Trends* No. 313, November, 1979.

[3] Public Expenditure White Papers [Published by HMSO].

ANNEX

Expenditure definitions

The notes below explain briefly the expenditure definitions used for RSG and PES purposes. Their implications are discussed in the main text.

A. *RSG current expenditure (net)*

For RSG purposes, *net current expenditure* is defined as:

i Gross expenditure by the Rate Fund Revenue Account, for all services (other than Trading Services) deemed to be relevant for RSG purposes, on

- *a* Employees (including employers' superannuation and National Insurance contributions);
- *b* Running expenses (net of any uncapitalised capital expenditure charged to the revenue account);
- *c* For Housing Act advances only, all other expenditure (including loan charges).

less

ii Income to these services from:

- *a* Sales of non capital items;
- *b* Fees and charges
- *c* Government grants other than Rate Support Grant and those defined as specific or supplementary grants for RSG purposes.
- *d* All 'other' current income (i.e. apart from the categories listed above) except interest on revenue balances (note this excludes rate income since it is not charged to services).

plus

iii Net current expenditure of Trading Services, which is deemed to be equal to the Rate Fund Contribution to those services (covering the deficit on their *revenue* account, i.e. including capital expenditure financed from the revenue account).

There is one exception to the above; for certain Transport Services, all expenditure charged to the service 'road maintenance' is defined as current expenditure for RSG and PES purposes even if local authorities charge it to their capital account; conversely, all expenditure on road construction is deemed to be capital expenditure.

B. *PES current expenditure (net)*

PES net current expenditure is defined as:

i RSG net current expenditure.

plus

ii Current expenditure financed by those specific grants netted off at A(ii)c above (see note 2 to Table 3).

plus

iii Other non-relevant net current expenditure by the Rate Fund Revenue Account.

plus

iv Net current expenditure of the Housing Revenue Account, which is deemed to be equal to the Rate Fund contribution to that account (covering the deficit on the *revenue account*).

C. *RSG relevant (revenue) expenditure*

This is defined as:

i RSG net current expenditure.

plus

ii Rate Fund contributions to the Housing Revenue Account.

plus

iii Rate Fund contributions to Capital Expenditure (including Transport Supplementary Grant taken to the capital and other non-revenue accounts, Rate Fund contributions to the capital account, to capital and other special funds, and uncapitalised capital expenditure financed direct from revenue).

plus

iv Loan charges (interest payments and repayments of principal) as re-charged to Rate Fund Services.

less

v Interest receipts on revenue balances.

D. *PES capital expenditure (including grants and net lending)*

This is defined as:

i Direct capital expenditure (whether financed from capital or revenue sources) by local authorities on:

- *a* Rate Fund Services (incorporating adjustments for Transport services to balance those made to current expenditure – see above).
- *b* Housing Revenue Account.
- *c* Trading Services.

less

ii Sales of fixed assets (by each of these accounts).

less

iii Receipts from other local authorities.

less

iv for Housing Act advances only, capital income from Government grants and from mortgage repayments.

less

v local authorities' capital grants to Passenger Transport Executives (PTEs)

plus

vi direct capital expenditure of PTEs.

It will be noted that PES capital expenditure includes the direct expenditure of Passenger Transport Executives, which are not themselves local authorities (in the National Accounts they are treated as Public Corporations). For the purpose of this article, to give consistency with the coverage of RSG and PES current expenditure, the following definition of capital expenditure by local authorities has been used:

i PES capital expenditure

less

ii direct capital expenditure of PTEs

plus

iii local authorities' capital grants to PTEs.

For convenience, this has been referred to as 'RSG' capital expenditure. It will be noted that, since the current expenditure of trading services is defined as equal to the rate fund subsidy to those services, this will be algebraically equivalent to the *gross* revenue expenditure of those services (i.e. including RCCO and loan charges) net of all income other than the rate fund subsidy since the account must balance. Hence adding together capital expenditure (including that financed from the revenue account) and current expenditure will in this case result in double counting of that capital expenditure met by contributions from, or charged directly to, the revenue account. A similar problem occurs in the case of the Housing Revenue Account. The degree of double-counting for these accounts amounted to some $\frac{1}{2}$ per cent of total capital and current expenditure in 1978/79; no correction has been made to the aggregate figures.

The distribution of income in the United Kingdom 1977/78

Introduction

This article presents the latest annual estimates of the distribution of personal income in the United Kingdom for the financial year 1977/78.* The estimated distributions for 1977/78 are shown in Appendix 1. The income-receiving unit on which the analysis is based is the *tax-unit:* with a few exceptions this is either a married couple or an unmarried individual. In Table 1 numbers of tax-units and amounts of income are classified by range of pre-tax and post-tax income, while the distributions are illustrated in Charts 1 and 2. The article also examines the composition of income (by source of income) in five financial years between 1968/69 and 1977/78.

Estimates of income shares for 1977/78

The shares of total income before and after tax received by quantile groups of tax-units (e.g. successive slices of the population of tax-units ranked in order of income size) in 1976/77 and 1977/78 are given in Table A. Table A shows, for instance, that in 1977/78, the top one per cent of the tax-unit population received 5·5 per cent of total income before tax, and the bottom ten per cent (bottom decile group) 2·5 per cent. After tax the share of the first group was reduced to 3·9 per cent, while the share of the bottom decile group was increased to 3·0 per cent.

* Previous articles in *Economic Trends* have described the sources and methods used in deriving these estimates, notes on which are given at the end of this article. There have now been eight articles in the series on the United Kingdom income distribution. The first seven are listed in Appendix 2. The estimates were frequently used in the various Reports of the now dissolved Royal Commission on the Distribution of Income and Wealth. A list of all the Commission's publications is given in Appendix 3.

Percentage shares of income, before and after tax, received by quantile groups in 1976/77 and 1977/78

TABLE A

	Percentages[1]			
	Before tax		After tax	
Quantile group	1976/77	1977/78	1976/77	1977/78
Top 1 per cent	5·5	5·5	3·8	3·9
2–5 " "	10·8	10·6	9·7	9·8
6–10 " "	9·9	10·0	9·6	9·7
Top 10 " "	26·2	26·2	23·1	23·3
11–20 " "	16·2	16·3	16·0	16·2
21–30 " "	13·3	13·4	13·4	13·4
31–40 " "	11·2	11·0	11·3	11·3
41–50 " "	9·1	9·1	9·3	9·3
51–60 " "	7·4	7·3	7·7	7·7
61–70 " "	5·8	5·9	6·6	6·2
71–80 " "	4·6	4·6	5·1	5·2
81–90 " "	3·7	3·6	4·5	4·4
91–100 " "	2·5	2·5	3·0	3·0
Median: £	2,660	2,930	2,200	2,500
Mean: £	3,260	3,600	2,620	2,970
Gini: *per cent*	37·2	37·2	32·6	33·0

[1] The figures in this table are rounded and may therefore not sum to 100.

Average income before tax over the whole distribution increased from £3,260 in 1976/77 to £3,600 in 1977/78, a rise of about 10 per cent. After tax the averages were £2,620 and £2,970, an increase of about 13 per cent. Between these years the retail prices index rose by about 14 per cent and the whole economy index of average earnings by about 9 per cent. Longer term trends in the distribution were examined in an earlier article.†

In interpreting the results it is important to note that the people in, say, the top ten per cent of the pre-tax income distribution will not all be the same as those in the top ten per cent of the post-tax income distribution. This arises from differences in tax liability between tax-units at similar levels of pre-tax income. A similar qualification applies to comparisons between one year and another. The re-ranking of incomes after the deduction of tax does not, however, have a very great impact on the post-tax income shares of the quantile groups. Undue significance should not be attached to very small changes, as the figures are rounded estimates.

Effects of income tax on the distribution

Some of the effects of income tax on the distribution can also be discerned in Table A. In 1977/78 the income share of the top ten per cent of tax-units fell from 26·2 per cent before tax to 23·3 per cent after payment of tax, whereas the share of the bottom half of the distribution rose from 23·9 per cent before tax to 26·5 per cent after tax. Most of the tax-induced change in the income share of the top decile group occurred in the top one per cent, whose share was reduced by 1·6 per cent to 3·9 per cent after tax. The pattern of changes in shares caused by the payment of income tax has altered little in recent years.

Some other features of changes in income tax over the two years are shown in Table B, which gives *inter alia* the average amounts of tax paid at different income levels, both in absolute terms and as a percentage of pre-tax income. The average amounts of tax paid by all quantile groups below the top one per cent actually declined in current money terms between 1976/77 and 1977/78. The average tax paid as a percentage of pre-tax income fell for all quantile groups. For example, for the top one per cent the fall was from 45·4 per cent to 42·7 per cent. The reason for this was that while there was a relatively low rate of increase in pre-tax incomes (10 per cent on average) between the two years, tax rates were cut (the standard rate was reduced from 35 to 34 per cent) and income exempted by the main personal allowances was increased by about 30 per cent.

The figures in Table A imply little movement in income shares between 1976/77 and 1977/78. A similar picture emerges from the average income figures in Table B, which show that the rate of growth between the two years differed little from one level of income to another. The figures also

† See Appendix 2.

Average income and tax paid by quantile group: 1976/77 and 1977/78

TABLE B

Quantile group	1976/77				1977/78			
	Average income (£)		Average tax paid		Average income (£)		Average tax paid	
	Before tax	After tax	£	*As percentage of pre-tax income*	Before tax	After tax	£	*As percentage of pre-tax income*
Top 1 per cent	18,050	9,850	8,200	*45·4*	19,870	11,360	8,500	*42·7*
Next 9 per cent	7,500	5,610	1,890	*25·2*	8,260	6,380	1,880	*22·8*
Next 40 per cent	4,060	3,270	790	*19·5*	4,480	3,710	770	*17·2*
Lower 50 per cent	1,570	1,420	150	*9·4*	1,720	1,590	130	*7·6*
Bottom 20 per cent	1,000	980	20	*2·0*	1,100	1,100	10	*0·9*
All tax-units	3,260	2,620	640	*19·7*	3,600	2,970	630	*17·5*

Note: The figures in this table are rounded and may therefore apparently differ from the sum of their constituents.

demonstrate that the faster growth of post-tax incomes (compared with pre-tax incomes) obtained at all income levels.

The composition of income

In last year's article estimates were given of the distribution of income by source at different income levels for 1976/77. This year estimates for 1968/69, 1971/72, 1974/75 and 1977/78 have also been made, enabling the figures to be considered as a time series. The estimates for all five years are set out in Appendix 1 in Tables 2 to 6 and Chart 3.

For the population as a whole, the composition of income covered by the estimates of income distribution has been quite stable. Wages and salaries stood between 72 and 74 per cent of total pre-tax income for all five years covered, while self-employment income remained between 6 and 7 per cent. Investment income fell steadily within a narrow band, from 6 per cent to 5 per cent of pre-tax income, and occupational pensions and annuities varied little from just over 3 per cent of pre-tax income, though of course the absolute level increased.

This latter lack of change took place alongside an increase in the numbers of occupational pension recipients, and implies that the average amount of occupational pension received must have grown much more slowly than other incomes. Although there are no independent published figures for precisely the same period, reports published by the Government Actuary's Department[1,2] estimate that between 1971 and 1975 the number of occupational pensions grew from 2·95 to 3·4 million and the average level of pension grew by about 54 per cent. During the same period, however, the average total income per tax-unit very nearly doubled. The slower growth of occupational pensions and annuities is largely explained by the fact that many of the payments were fixed in amount, or did not rise with inflation at the same rate as other incomes.

State pensions fluctuated between 5½ and 6½ per cent of total pre-tax income. Non-taxable benefits rose from 4·2 per cent to 7·0 per cent of income. However, over half of the annual rise between 1976/77 and 1977/78 (from 5·6 to 7·0 per cent) was due to the introduction in the latter year of non-taxable child benefit, which replaced family allowance. Meanwhile the average rate of income tax fell back to 17·5 per cent after rising from 13·8 per cent of pre-tax income in 1968/69 to 19·7 per cent in 1976/77.

Tables 2 to 6 show, for example, that in 1977/78 wages and salaries contributed over 80 per cent of the income of the top quarter of income recipients (i.e. tax-units with pre-tax income of over £4,790). At the other end of the distribution for the same year, state pensions and non-taxable benefits together made up nearly two-thirds of the pre-tax income of the bottom quarter (i.e. tax-units receiving incomes below £1,600), while wages and salaries accounted for about one-fifth. However, the contribution of wages and salaries to the incomes of the top quarter of tax-units rose from 77·4 per cent to 81·1 per cent over the period, while it fell sharply from 33·8 to 22·0 per cent in the case of the bottom quarter of income recipients. Among the factors underlying this trend were an increasing concentration of the elderly in the bottom quarter of the distribution, a growing preponderance of women among them, and a rise in their average age. Both long-term unemployment and the number of single-parent families grew during the period. All these factors helped to reduce the proportion of workers in the bottom quarter of the distribution. Meanwhile, those of its members who worked became increasingly likely to do so part-time.

In contrast, non-taxable benefits (such as supplementary benefit and unemployment benefit) provided 24·7 per cent of the income of the bottom quarter in 1977/78, having risen from a level of 11·5 per cent in 1968/69. In the upper half of the distribution, 1977/78 was marked by a surge in the relative level of non-taxable benefits. This, however, was due almost entirely to the introduction of non-taxable child benefit in that year: the rises in non-taxable benefits were mirrored by a decline in the levels of 'other income' which had formerly included family allowances.

Other changes of note took place among the top one per cent of tax-units, where self-employment income grew during the period from 22·8 per cent of pre-tax income to 28·8 per cent and the contribution of investment income fell substantially from 32·8 per cent to 20·6 per cent.

Conclusion

There was little change in the UK income distribution for 1977/78, with just over three-quarters of personal income before tax going to tax-units in the upper half of the distribution. Although the general composition of personal income was quite stable over the ten years to 1977/78, an analysis by level of income reveals some marked changes, especially at the extremes of the distribution. Low-income units earned relatively less and became more dependent on state benefits, while for those with very high incomes the contribution of income from investments was much reduced.

Notes on Methodology

Allocated income

Income allocated to ranges of the estimated income distribution for 1977/78 amounted to 82 per cent of total household income as measured by the national accounts, much the same percentage as in other recent years. The main items which are included in the national accounts aggregate but wholly excluded from the distribution are employers' national insurance contributions and the imputed rent of owner-occupied dwellings. Together these make up over 40 per cent of the difference from the national accounts. The remainder of the shortfall is mainly attributable to self-employment income (for which the data recorded in the Survey of Personal Incomes relates on average to a period over a year earlier than the reference period) and to lump-sum benefits from life assurance and pension schemes. Another omission from the distribution is tax-evaded income, much of which is allocated to self-employment income in the national accounts.‡ An earlier article in *Economic Trends*§ considered the effects of including imputed rent in the estimates and it was found that the impact on the shape of the distribution was very slight.

Sources and Methods

An important difference betweent he estimates given in this article and other information available in the field of income distribution is that these estimates aim to cover the whole of the income-receiving population and all sources of income for a full year, whereas other sources are less comprehensive. For instance, the Department of Employment's New Earnings Survey gives the earnings distribution of employees for only one pay period (week, month, etc.) in April of each year, while the Inland Revenue's Survey of Personal Incomes covers only taxable income and benefits; it excludes non-taxable benefits. There are several million pensioners and others not in work who are not covered by those surveys but who are heavily concentrated in the lower ranges of the income distribution given in this article.

The Family Expenditure Survey seeks to represent the entire household population and it collects information on all sources of income. However, the sample is small, effectively about 7,000 households, and there is some non-response bias.[3]

The method employed in producing the estimates given in this article seeks to combine the best features of the available sources. Income is defined to include taxable income from employment, self-employment, investments and pensions, data on which are derived from the Survey of Personal Incomes; and non-taxable social security benefits (such as supplementary benefit, sickness benefit and unemployment benefit), other current grants from public authorities (e.g. scholarships) and some items of income in kind (e.g. luncheon vouchers and concessionary coal), derived from other data sources. Data from the Family Expenditure Survey are used to provide estimates of the way in which non-taxable benefits are combined with taxable income. This procedure is described in detail in an article in *Economic Trends* No. 262, August 1975.

Tax-units

The income-receiving unit used in these estimat es is the tax-unit, i.e. a married couple or a single person over school-leaving age and not at school – some minors with investment income are also included in this definition. This unit is used because it makes possible the maximum use of existing data from administrative sources. About half of all tax-units are married couples. However, because married tax-units are more highly concentrated in the upper half of the distribution, nearly 60 per cent of the individuals in the tax-unit population are to be found there.

Part-year incomes

Because the estimated distribution covers a period of one year, a number of tax-units which exist for only part of the year are included. These comprise women who are widowed or divorced for part of the tax year, new entrants to the work-force, people who die during the year, and immigrants and emigrants. Prior to 1976/77, women who were single for part of the year were also classified as part-year units. About 6 per cent of all tax-units were part-year units in 1977/78. The incomes of such units are heavily concentrated at the bottom of the distribution – about half of the units in the bottom decile group are part-year units. It is intended in future to make separate estimates of the distribution of part-year incomes.

Gini coefficient

The Gini coefficient (given in Table A) is the most widely used summary measure of the degree of inequality in an income distribution. It can most easily be understood by

‡ See 'A glimpse of the hidden economy in the national accounts' on page 81.
§ See Appendix 2.

considering a Lorenz curve of the income distribution, i.e. a graph of the cumulative income share against the population share. The curve representing complete equality of income is thus a diagonal line, as in diagram (*a*), while complete inequality (with only one recipient of income) is represented by a curve comprising the horizontal axis and the right-hand vertical axis.

A more typical Lorenz curve is illustrated in diagram (*b*). The area between the Lorenz curve and the diagonal line of complete equality, *as a proportion of the triangular area between the curves of complete equality and inequality,* gives the value of the Gini coefficient. This is the shaded area in diagram (*b*). Thus a distribution of perfectly equal incomes has a Gini coefficient of zero; as inequality increases (and the Lorenz curve bellies out), so does the Gini coefficient, until, with complete inequality, it reaches its maximum value of 1 (or 100 per cent).

Diagram (a) Complete income equality

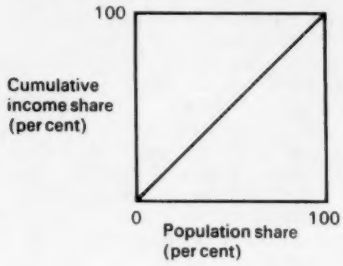
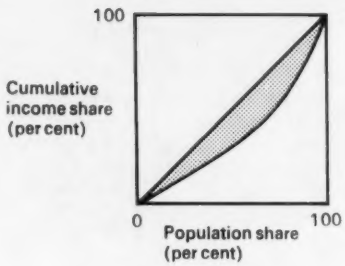


Diagram (b) Lorenz curve for a typical income distribution



Central Statistical Office

References

[1] *Occupational Pension Schemes* 1971, *Fourth Survey by the Government Actuary*, published 1972.

[2] *Occupational Pension Schemes* 1975, *Fifth Survey by the Government Actuary*, published 1978.

[3] 'Family Expenditure Survey. A study of differential response based on a comparison of the 1971 sample with the Census' *Statistical News* No. 31, November 1975.

APPENDIX 1

Distribution of income, before and after tax, 1977/78

TABLE 1

Range of incomes		Thousands	£ million		
		Number of tax-units	Income before tax	Taxes on income	Income after tax
Income before tax					
Not under £	Under £				
	1,000	2,356	1,977	8	1,969
1,000	1,500	4,098	5,376	66	5,310
1,500	2,000	3,135	5,543	345	5,198
2,000	2,500	2,747	6,179	666	5,513
2,500	3,000	2,423	6,694	913	5,781
3,000	3,500	2,096	6,813	1,073	5,740
3,500	4,000	1,938	7,250	1,170	6,080
4,000	4,500	1,821	7,723	1,298	6,425
4,500	5,000	1,683	7,973	1,389	6,584
5,000	6,000	2,602	14,222	2,562	11,660
6,000	7,000	1,650	10,646	2,073	8,573
7,000	8,000	912	6,806	1,432	5,374
8,000	10,000	771	6,810	1,587	5,223
10,000	12,000	300	3,254	861	2,393
12,000	15,000	167	2,235	683	1,552
15,000	20,000	108	1,853	679	1,174
20,000 and over		85	2,548	1,353	1,195
Total		28,892	103,902	18,158	85,744
Income not included in the classification by ranges			23,225		
Total income of households (including pensions and other benefits from Life Assurance and superannuation funds)			127,127[1]		
Income after tax					
Not under £	Under £				
	1,000	2,427	2,009	24	1,985
1,000	1,500	4,709	6,383	192	6,191
1,500	2,000	4,029	7,944	833	7,111
2,000	2,500	3,288	8,658	1,227	7,431
2,500	3,000	2,740	8,945	1,406	7,539
3,000	3,500	2,376	9,230	1,503	7,727
3,500	4,000	2,131	9,588	1,598	7,990
4,000	4,500	1,954	9,990	1,695	8,295
4,500	5,000	1,548	8,921	1,582	7,339
5,000	6,000	1,915	12,990	2,582	10,408
6,000	7,000	863	7,059	1,510	5,549
7,000	8,000	419	4,184	1,072	3,112
8,000	10,000	304	3,884	1,206	2,678
10,000	12,000	104	1,822	689	1,133
12,000	15,000	58	1,333	572	761
15,000	20,000	22	673	309	364
20,000 and over		5	289	158	131
Total		28,892	103,902	18,158	85,744
Income not included in the classification by ranges			23,225		
Total income of households (including pensions and other benefits from Life Assurance and superannuation funds)			127,127[1]		

[1] The total income of households as defined for the national accounts has been increased by £2,722 million to make it comparable with the wider definition of income (i.e. including mortgage interest payments, etc.) used for the classification by ranges in this table.

APPENDIX 1 (continued)

Distribution of pre-tax income, 1968/69, by source

TABLE 2

Quantile group and quantiles	Percentages: Sources of pre-tax income								
	Employment	Self-employment	Investment	Occupational pensions and annuities	NIRP[1]	Non-taxable benefits	Other	Total	Income tax as per cent of pre-tax income
Top 1 per cent (over £4,440) ..	41·9	22·8	32·8	1·5	0·4	0·4	0·2	100·0	43·2
Top 25 ,, ,, (over £1,400) ..	77·4	8·4	7·8	2·9	0·5	1·9	1·1	100·0	20·4
Next 25 ,, ,, (£910 – £1,400) ..	80·1	4·7	3·6	3·4	2·3	4·4	1·5	100·0	11·3
Next 25 ,, ,, (£510 – £910) ..	63·6	4·8	5·0	6·2	12·5	7·3	0·6	100·0	6·9
Bottom 25 ,, ,, (up to £510) ..	33·8	1·7	5·0	4·4	43·1	11·5	0·5	100·0	1·7
All tax-units	72·5	6·3	6·0	3·7	6·2	4·2	1·1	100·0	13·8
Total amounts (£million)	23,044	2,008	1,914	1,162	1,970	1,328	340	31,766	4,370

[1] National insurance retirement pensions.

Distribution of pre-tax income, 1971/72, by source

TABLE 3

Quantile group and quantiles	Percentages: Sources of pre-tax income								
	Employment	Self-employment	Investment	Occupational pensions and annuities	NIRP[1]	Non-taxable benefits	Other	Total	Income tax as per cent of pre-tax income
Top 1 per cent (over £5,790) ..	47·1	23·3	26·6	1·6	0·4	0·7	0·3	100·0	41·2
Top 25 ,, ,, (over £1,890) ..	79·8	8·1	6·4	2·7	0·4	1·7	0·9	100·0	26·9
Next 25 ,, ,, (£1,180 – £1,890) ..	79·4	6·3	3·5	3·5	2·0	4·0	1·3	100·0	13·5
Next 25 ,, ,, (£650 – £1,180) ..	58·9	5·6	5·9	8·0	11·7	9·2	0·7	100·0	8·7
Bottom 25 ,, ,, (up to £650) ..	27·7	2·3	5·3	5·6	36·9	21·7	0·5	100·0	1·6
All tax-units	72·5	6·8	5·5	3·9	5·4	5·0	0·9	100·0	15·3
Total amounts (£million)	30,505	2,856	2,302	1,647	2,250	2,094	398	42,052	6,411

[1] National insurance retirement pensions.

Distribution of pre-tax income, 1974/75, by source

TABLE 4

Quantile group and quantiles	Percentages: Sources of pre-tax income								
	Employment	Self-employment	Investment	Occupational pensions and annuities	NIRP[1]	Non-taxable benefits	Other	Total	Income tax as per cent of pre-tax income
Top 1 per cent (over £9,040) ..	44·1	26·4	26·9	1·7	0·5	0·3	0·1	100·0	48·1
Top 25 ,, ,, (over £3,090) ..	80·4	8·5	6·7	2·1	0·4	1·3	0·6	100·0	24·4
Next 25 ,, ,, (£1,960 – £3,090) ..	80·8	5·6	3·5	3·3	2·1	3·8	0·9	100·0	14·8
Next 25 ,, ,, (£1,050 – £1,960) ..	63·6	4·0	5·1	6·0	12·1	8·7	0·5	100·0	10·0
Bottom 25 ,, ,, (up to £1,050) ..	27·1	2·4	6·3	4·7	38·4	20·8	0·3	100·0	1·6
All tax-units	73·5	6·5	5·6	3·2	5·8	4·7	0·7	100·0	17·7
Total amounts (£million)	49,100	4,374	3,714	2,158	3,849	3,149	435	66,779	11,847

[1] National insurance retirement pensions.

APPENDIX 1 (continued)

Distribution of pre-tax income, 1976/77, by source

TABLE 5

Percentages

Quantile group and quantiles	Sources of pre-tax income								Income tax as per cent of pre-tax income
	Employment	Self-employment	Investment	Occupational pensions and annuities	NIRP[1]	Non-taxable benefits	Other	Total	
Top 1 per cent (over £11,860) ..	49·5	29·8	17·9	1·8	0·3	0·6	0·1	100·0	45·4
Top 25 ,, ,, (over £4,320) ..	81·5	7·8	5·5	2·3	0·6	1·6	0·6	100·0	25·3
Next 25 ,, ,, (£2,660 – £4,320) ..	80·9	4·6	3·9	3·3	2·6	4·0	0·8	100·0	18·5
Next 25 ,, ,, (£1,480 – £2,660) ..	57·0	5·1	5·7	6·2	14·0	11·2	0·8	100·0	13·0
Bottom 25 ,, ,, (up to £1,480) ..	24·2	2·1	5·6	3·9	40·1	23·5	0·5	100·0	2·4
All tax-units	72·8	6·0	5·1	3·3	6·5	5·6	0·7	100·0	19·7
Total amounts (£million)	67,795	5,595	4,724	3,083	6,033	5,235	617	93,082	18,306

[1] National insurance retirement pensions.

Distribution of pre-tax income, 1977/78, by source

TABLE 6

Percentages

Quantile group and quantiles	Sources of pre-tax income								Income tax as per cent of pre-tax income
	Employment	Self-employment	Investment	Occupational pensions and annuities	NIRP[1]	Non-taxable benefits	Other	Total	
Top 1 per cent (over £12,980) ..	46·6	28·8	20·6	2·4	0·6	1·0	—	100·0	42·7
Top 25 ,, ,, (over £4,790) ..	81·1	8·0	5·3	2·6	0·6	2·4	—	100·0	22·9
Next 25 ,, ,, (£2,930 – £4,790) ..	79·4	4·8	4·1	2·9	2·6	6·1	0·1	100·0	16·4
Next 25 ,, ,, (£1,600 – £2,930) ..	57·3	4·1	5·1	5·4	14·1	13·8	0·2	100·0	10·6
Bottom 25 ,, ,, (up to £1,600) ..	22·0	2·2	4·9	4·6	41·4	24·7	0·2	100·0	1·8
All tax-units	72·0	6·1	5·0	3·3	6·5	7·0	0·1	100·0	17·5
Total amounts (£million)	74,819	6,301	5,120	3,418	6,857	7,313	74	103,902	18,158

[1] National insurance retirement pensions.

CHART 1

Distribution of tax-units by income before and after tax: 1977/78

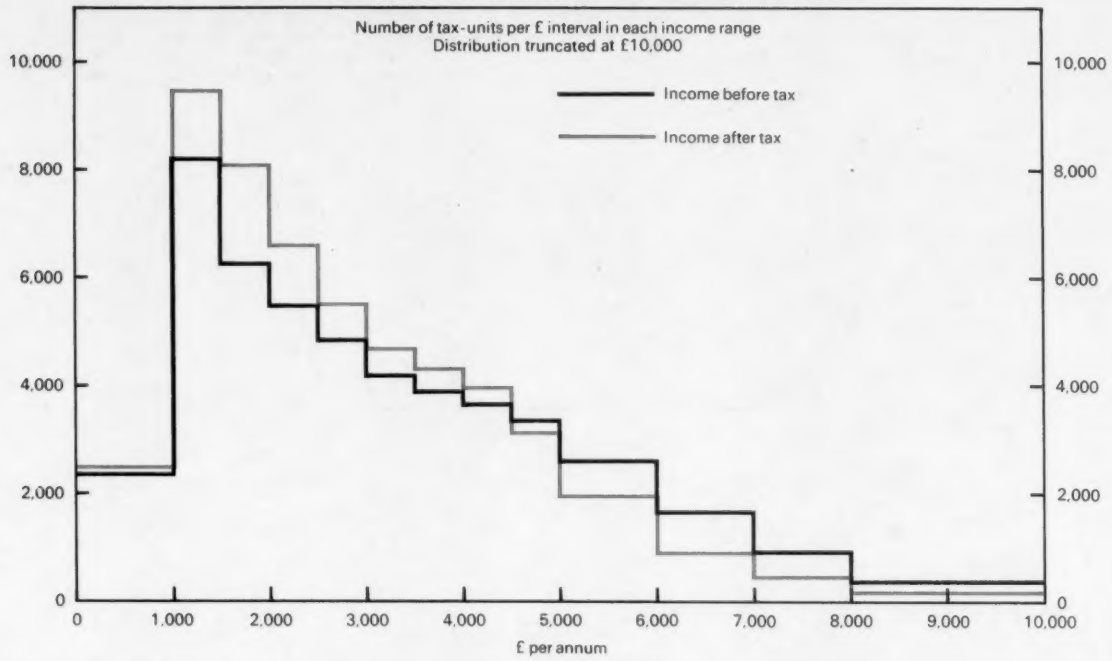


CHART 2

Distribution of tax-units by income before and after tax: 1977/78
Percentage shares received by decile groups

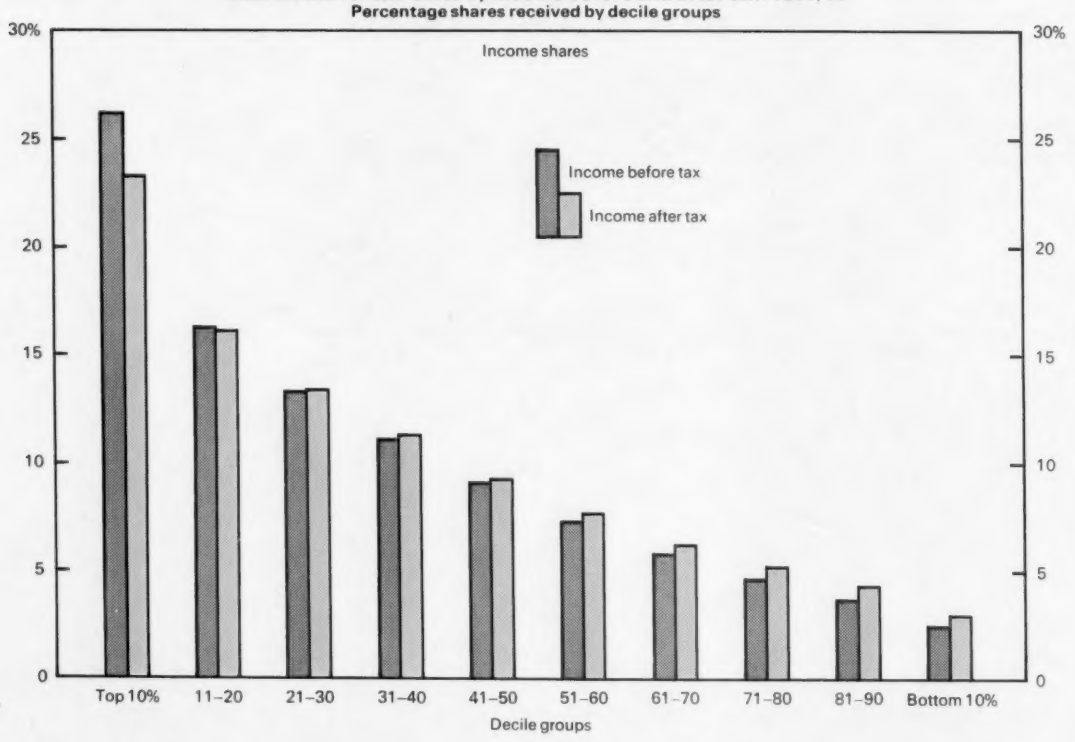
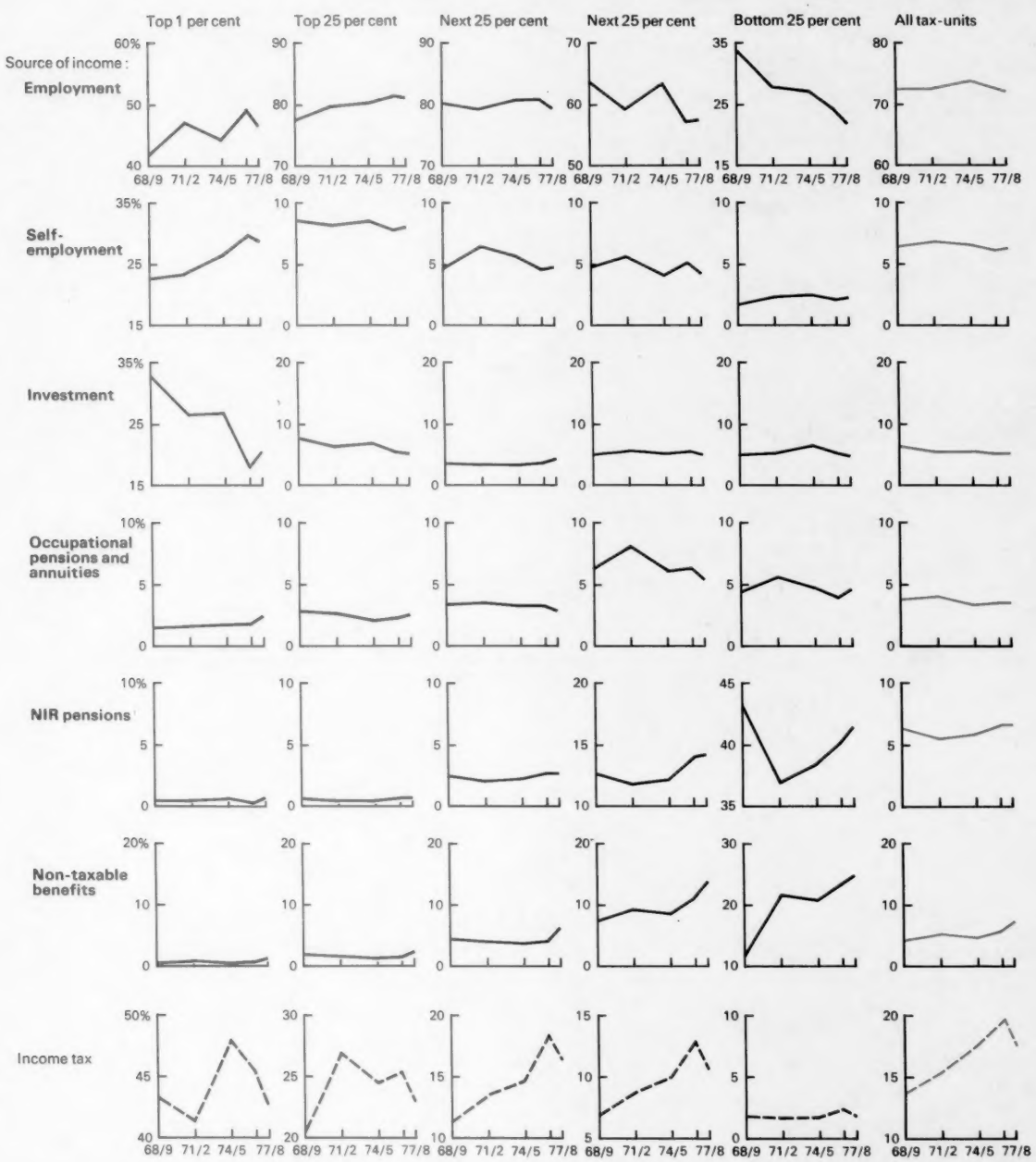


CHART 3

Income by source and income tax as a percentage of the pre-tax income of quantile groups: 1968/69 to 1977/78



[1] National Insurance retirement pensions

APPENDIX 2

Previous *Economic Trends* articles on the UK income distribution

	Title	Synopsis	Publication details
1.	Distribution of income statistics for the United Kingdom, 1972/73. Sources and methods.	A full description of the methodology used to derive the first in the new series of estimates of the UK income distribution.	*Economic Trends* No. 262, August 1975.
2.	Estimates of the distribution of personal incomes for the United Kingdom 1973/74.	Presentation of estimates for 1973/74 with methodological comments on: income definition and coverage; non-taxable income; employment income and the allocation for tax-units missing from the Survey of Personal Incomes.	*Economic Trends* No. 272, June 1976.
3.	Income distribution in the United Kingdom: 1974/75.	Presentation of the results for 1974/75.	*Economic Trends* No. 282, April 1977.
4.	Developments in the statistics of the distribution of income.	Examination of the effects of including (*a*) employees' superannuation contributions and (*b*) the imputed rent of owner-occupied dwellings in the income definition. Separation of the overall income distribution into separate distributions for (i) the economically active and (ii) the economically inactive.	*Economic Trends* No. 290, December 1977.
5.	The distribution of income in the United Kingdom 1975/76.	Presentation of the estimates for 1975/76 including estimates using an expanded definition of income. Effects of the change in methodology. Effects of income tax on the distribution.	*Economic Trends* No. 295, May 1978.
6.	Trends in the distribution of income.	Trends in the UK income distribution from 1949 to 1975/76. Estimates for the years 1968/69 to 1971/72 (filling the gap between the old and new series of estimates).	*Economic Trends* No. 295 May 1978.
7.	The distribution of income in the United Kingdom 1976/77.	Estimates for 1976/77 on both old and revised income definitions. Effects of income tax on the distribution. Analysis of the distribution by source of income.	*Economic Trends* No. 304, February 1979.

APPENDIX 3

Publications of the Royal Commission on the Distribution of Income and Wealth

Reports

No. 1 Initial report on the standing reference (Cmnd. 6171), HMSO, 1975.

No. 2 Income from companies and its distribution (Cmnd. 6172), HMSO, 1975.

No. 3 Higher incomes from employment (Cmnd. 6383), HMSO, 1976.

No. 4 Second report on the standing reference (Cmnd. 6626), HMSO, 1976.

No. 5 Third report on the standing reference (Cmnd. 6999), HMSO, 1977.

No. 6 Lower incomes (Cmnd. 7175), HMSO, 1978.

No. 7 Fourth report on the standing reference (Cmnd. 7595), HMSO, 1979.

No. 8 Fifth report on the standing reference (Cmnd. 7679), HMSO, 1979

Volumes of evidence.

Selected evidence submitted to the Royal Commission for Report No. 1, HMSO, 1976.

Selected evidence submitted to the Royal Commission for Report No. 2, HMSO, 1976.

Selected evidence submitted to the Royal Commission for Report No. 3, HMSO, 1976.

Selected evidence submitted to the Royal Commission for Report No. 6, HMSO, 1978.

Background papers

No. 1 The financing of quoted companies in the United Kingdom: by Geoffrey Meeks and Geoffrey Whittington – a background paper to Report No. 2, HMSO, 1976.

No. 2 Analysis of managerial remuneration in the United Kingdom and overseas: a report by HAY-MSL – a background paper to Report No. 3, HMSO, 1976.

No. 3 The effects of certain social and demographic changes on income distribution: by Robert Dinwiddy and Derek Reed – a background paper to Report No. 5, HMSO, 1977.

No. 4 The distribution of income in eight countries: by Thomas Stark – a background paper to Report No. 5, HMSO, 1977.

No. 5 The causes of poverty: by R Layard, D Piachaud and M Stewart – in collaboration with N Barr, A Cornford and B Hayes – a background paper to Report No. 6, HMSO, 1978.

No. 6 Low incomes in Sweden: by John Greve – a background paper to Report No. 6, HMSO, 1978.

No. 7 The Distribution of Wealth in Ten Countries by Alan Harrison, No. 7, HMSO, 1979.

No. 8 A six-country comparison of the distribution of industrial earnings in the 1970s: by Christopher Saunders and David Marsden – a background paper to Report No. 8, HMSO, 1979.

On 9 January 1980 the Commission released their final publication, a short illustrated report entitled *An A to Z of Income and Wealth*, HMSO, 1980.

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United Kingdom balance of payments; National income and expenditure. In addition to the series indexed below, further detailed statistics are included in the regular quarterly articles (see inside back cover).

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